

# Exhibit 6

1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK  
3

4 SECURITIES AND EXCHANGE )  
COMMISSION, )  
5 )  
Plaintiff, )  
6 ) Case No.:  
v. ) 20-Civ-10832(AT) (SN)  
7 )  
RIPPLE LABS, INC., BRADLEY )  
8 GARLINGHOUSE, and CHRISTIAN )  
LARSEN, )  
9 )  
Defendants. )  
10 \_\_\_\_\_ )  
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13 \*\*HIGHLY CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER\*\*  
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15 VIDEOTAPED DEPOSITION OF  
16 PHILLIP RAPOPORT  
17 Thursday, July 22, 2021  
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24 Reported by:  
BRIDGET LOMBARDOZZI,  
CSR, RMR, CRR, CLR  
25 Job No. 210722BLO

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SOUTHERN DISTRICT OF NEW YORK

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Defendants. )  
\_\_\_\_\_ )

Videotaped deposition of PHILLIP RAPOPORT taken  
on behalf of Plaintiff, held at the offices of Debevoise  
& Plimpton, 919 Third Avenue, New York, New York,  
commencing at 9:03 a.m. and ending at 5:47 p.m., on  
Thursday, July 22, 2021, before Bridget Lombardozzi,  
CCR, RMR, CRR, CLR, and Notary Public of the States of  
New York and New Jersey, pursuant to notice.

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18 LYRIC GUPTA, Cleary Gottlieb

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20 DAVID SHERECK, Videographer

21 Shereck Video Service

22

23

24

25


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9:03 a.m.

July 22, 2021

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THE VIDEOGRAPHER: Okay. We're on the record. The time is approximately 9:03 a.m. Today's date is Thursday, July 22nd, 2021. This is the video deposition of Phillip Rapoport in the matter of the SEC versus Ripple Labs, et al. Index No. is 20-civ-10832 in the United States District -- District Court in the Southern District of New York.

My name is David Shereck, certified legal videographer with Shereck Video, in association with Gradillas Court Reporting of Glendale, California. We're located today at the offices of Debevoise & Plimpton, located at 919 Third Avenue, New York, New York.

All counsel that are present will be noted on the stenographic record.

The court reporter today is Bridget Lombardozzi, also with Gradillas, and will you please swear in the witness?

09:04:42 1 P H I L L I P R A P O P O R T ,  
2 having been duly sworn, was examined and  
3 testified as follows:

4 THE REPORTER: Thank you.  
09:04:54 5 You may proceed.

6 DIRECT-EXAMINATION

7 BY MS. STEWART:

8 Q. Good morning, Mr. Rapoport.

9 A. Good morning.

09:04:59 10 Q. Can you please state and spell your name  
11 for the record?

12 A. Phillip Rapoport. P-H-I-L-L-I-P  
13 R-A-P-O-P-O-R-T.

14 Q. Thank you.

09:05:08 15 MR. GULAY: Just before we begin,  
16 just to note two things. One, an  
17 objection by one counsel is an objection  
18 for all counsel. And, then, two, we are  
19 designating the transcript and videotape  
09:05:18 20 of this deposition as confidential under  
21 the protective order.

22 MS. STEWART: Okay. Thank you.

23 BY MS. STEWART:

24 Q. Mr. Rapoport, are you represented by  
09:05:25 25 counsel today?

09:05:26 1 A. Yes.

2 MR. GERTZMAN: I apologize, all,  
3 for interrupting from the Zoom audience  
4 here, but is it possible to have the Zoom  
09:05:32 5 camera positioned so that we can see the  
6 witness?

7 MR. TENREIRO: Yeah. Good point.  
8 Can you see him?

9 MR. GERTZMAN: Yes. Thank you.

09:05:44 10 MR. TENREIRO: Okay.

11 BY MS. STEWART:

12 Q. Okay. I'll try this again.

13 Are you represented by counsel today?

14 A. Yes.

09:05:51 15 Q. Okay. Who is your counsel?

16 A. Kaplan Hecker.

17 Q. Okay. I'm Ladan Stewart. I'll be  
18 asking questions here on behalf of the SEC. With  
19 me is my colleague Jorge Tenreiro. Some of my  
09:06:02 20 other colleagues are participating via Zoom.

21 Mr. Rapoport, have you ever testified  
22 before?

23 A. No.

24 Q. Okay. So let's run through some sort of  
09:06:10 25 rules of the road just to make sure that we get a

09:06:13 1 clean record today.

2 So the first is that we have a court  
3 reporter here who's transcribing everything that  
4 we say to each other. And to try to make her life  
09:06:21 5 easier, please try not to speak over me and I'll  
6 try not to speak over you. So if you can wait for  
7 me to finish my question before you answer, and  
8 I'll do my best to, you know, let you finish your  
9 answer before I ask my next question. It's kind  
09:06:32 10 of hard to do, but it helps to get us a clean  
11 record.

12 Okay?

13 A. Yes.

14 Q. And in the same vein, it's important  
09:06:39 15 that you give audible verbal answers to my  
16 questions. So shakes of the head or nods of the  
17 head, that's not easy to transcribe into the  
18 record. So if you could answer yes or no and  
19 things like that. Okay?

09:06:52 20 A. Understood.

21 Q. If I ask you a question that you don't  
22 understand, just let me know and I'll try to  
23 rephrase it.

24 Any time you want a break, just ask me  
09:07:00 25 and I'm happy to accommodate you. I would only

09:07:03 1 ask that if there's a question pending, you answer  
2 that question before we -- we break. Okay?

3 A. Yes.

4 Q. Okay. Any -- any questions before we  
09:07:13 5 start?

6 A. No.

7 Q. Okay. Great.

8 Is there any reason that you can't  
9 testify truthfully or accurately today?

09:07:18 10 A. No.

11 Q. Okay. Did you take any steps to prepare  
12 for today's deposition?

13 A. Yes.

14 Q. What did you do?

09:07:25 15 A. I spent approximately a half day in --  
16 in this office with [REDACTED] and -- and a couple  
17 hours on the phone.

18 THE REPORTER: And? I can't  
19 hear you, sir.

09:07:33 20 THE WITNESS: I'm sorry.

21 A. I spent a couple -- a couple hours on  
22 the phone and approximately a half day in this  
23 office preparing.

24 Q. And who was present during your  
09:07:41 25 preparation session?

09:07:43 1 A. Kaplan Hecker and Debevoise's  
2 representatives.

3 Q. Okay. And were there people in this  
4 room or other people?

09:07:50 5 A. Yes. Mainly the people in this room  
6 were present.

7 Q. Okay. Was anybody on the phone?

8 A. Yes, a number of participants were on  
9 the phone.

09:08:03 10 Q. Okay. And you said you had a -- a half  
11 day session and then a separate phone call?

12 A. That's correct.

13 Q. Okay. Did you review any documents  
14 during either of those sessions?

09:08:08 15 A. Yes, we reviewed some documents.

16 Q. Did any of the documents refresh your  
17 recollection about any of the events?

18 A. To some extent, yes.

19 Q. And what were the documents that  
09:08:16 20 refreshed your recollection?

21 MR. GULAY: Objection. I just  
22 want to pause to instruct Mr. Rapoport to  
23 answer without disclosing the substance of  
24 any privileged communications with  
09:08:27 25 counsel.

09:08:29 1 Q. Go ahead.

2 A. Rereading e-mails, my own e-mails, you  
3 know, refreshed my memory on certain things; but,  
4 you know, generally speaking, it was a number of  
09:08:40 5 years ago and -- and it's difficult to remember,  
6 you know, seven -- or eight to -- six -- six to  
7 eight years ago.

8 Q. I understand.  
9 Do you recall any of the e-mails that  
09:08:51 10 refreshed your recollection?

11 A. Some I recall clearly and some I have no  
12 recollection of.

13 Q. Okay. So which e-mails do you recall  
14 clearly?

09:09:00 15 MR. HORTON: Objection.

16 A. I generally --

17 MR. GULAY: You can answer.

18 Q. Okay. You can answer.

19 A. That's a general comment. Even from  
09:09:09 20 yesterday, it's hard to think about specific  
21 e-mails.

22 Q. Okay. Do you currently reside in the  
23 United States?

24 A. I do.

09:09:22 25 Q. Where do you reside?

09:09:23 1 A. I live in [REDACTED].  
2 Q. Did you graduate from college?  
3 A. I did not.  
4 Q. Okay. Did you attend college?  
09:09:31 5 A. I did.  
6 Q. And where did you go?  
7 A. I went to [REDACTED].  
8 Q. Okay. But -- but you -- you didn't  
9 officially graduate?  
09:09:37 10 A. No.  
11 Q. Okay. When did you attend Columbia?  
12 A. 2001 to 2005.  
13 Q. I take it you don't have any  
14 postgraduate degrees?  
09:09:48 15 A. No.  
16 Q. Can you take me through your employment  
17 post your time at [REDACTED]?  
18 A. Sure. I spent approximately two years  
19 at [REDACTED], approximately two years at  
09:10:00 20 [REDACTED], approximately four years at [REDACTED]  
21 [REDACTED], which is a broker-dealer, at which  
22 point I went to Ripple in 2013 for approximately  
23 two years. Then I spent four years, four and a  
24 half years or so, at a firm called [REDACTED]  
09:10:15 25 [REDACTED] firm, and since then I've been



09:10:19 1 self-employed working on a real estate project.

2 Q. Okay. And what did you do at [REDACTED]

3 [REDACTED]?

4 A. I was an institutional salesperson in  
09:10:34 5 equity derivatives, trading desk.

6 Q. So you were a trader?

7 A. I was a sales trader.

8 Q. And what was your role at [REDACTED]?

9 A. I was an institutional salesperson on  
09:10:51 10 the cross asset sales desk.

11 Q. And why did you leave [REDACTED]

12 for [REDACTED]?

13 A. I perceived it to be a stronger firm  
14 with better opportunity.

09:11:10 15 Q. Okay. And why did you leave [REDACTED] for  
16 [REDACTED]?

17 A. I wanted a more entrepreneurial business  
18 environment in short.

19 Q. Okay. And what was your position at  
09:11:24 20 [REDACTED]?

21 A. I was a principal and part of the  
22 founding team of a small firm.

23 Q. And what is [REDACTED]?

24 A. We were a broker-dealer that published  
09:11:38 25 market strategy reports and executed trades on

09:11:40 1 behalf of institutional investors like hedge  
2 funds.

3 Q. And during your time at [REDACTED],  
4 [REDACTED], or [REDACTED] did you have any  
09:11:55 5 involvement with digital assets?

6 MR. GULAY: Objection to form.

7 A. None of those firms at the time formally  
8 did anything with digital assets. I did write --  
9 publish some of my own commentary while at [REDACTED]  
09:12:10 10 [REDACTED] about digital assets.

11 Q. Okay. And what kind of commentary did  
12 you publish?

13 A. Very introductory primers to familiarize  
14 institutional investors with what was then a  
09:12:24 15 nascent space.

16 Q. Okay. Can you give me any more  
17 information about what was included in your  
18 commentary?

19 A. The time period was pre-2013, so it was  
09:12:39 20 an explanation of how bitcoin worked, what the  
21 market dynamics were, and, you know, some guesses  
22 about what the future may hold for bitcoin  
23 specifically.

24 Q. Okay. I want to come back to your time  
09:12:56 25 at Ripple, but -- but moving forward a little bit,

09:13:00 1 after Ripple, you said you went to [REDACTED], is  
2 that right?

3 A. That's correct.

4 Q. And you were there for four and a half  
09:13:04 5 years?

6 A. Approximately, yes.

7 Q. Okay. And then you said that -- that  
8 after [REDACTED], you became  
9 self-employed?

09:13:11 10 A. That's correct.

11 Q. Okay. And so what is it that -- that  
12 you do now as part of your self-employment?

13 A. I pursued the entitlement and -- and  
14 pursuing the construction of a real estate  
09:13:23 15 project.

16 Q. What is [REDACTED]?

17 A. [REDACTED] is the -- is -- is the d/b/a  
18 name for the company that is -- they're doing  
19 construction on a -- on our real estate project.

09:13:46 20 Q. And what kind of real estate is it?

21 A. It's a hotel project.

22 Q. Okay. When did you start work at  
23 Ripple?

24 A. In 2013.

09:14:03 25 Q. Do you remember what month?

09:14:07 1 A. I was initially a consultant in  
2 approximately the summer of 2013 and I believe my  
3 full-time employment began around fall of 2013  
4 after several months of being a consultant.

09:14:21 5 Q. How did you come to be a consultant for  
6 Ripple?

7 A. I was interested in working in the  
8 digital asset space broadly and a friend  
9 introduced me to Patrick Griffin and we discussed  
09:14:34 10 ways that I might be helpful to the company.

11 Q. Okay. Did you know Patrick Griffin  
12 before you were introduced to him?

13 A. No.

14 Q. And you said you were interested in the  
09:14:44 15 digital asset space?

16 A. Correct.

17 Q. Why were you interested in the digital  
18 asset -- asset space?

19 A. I believed the technology was very  
09:14:53 20 interesting and I thought that there was a  
21 potential future where the market grew in size and  
22 relevance.

23 Q. Okay. And who was the friend who  
24 introduced you to Mr. Griffin?

09:15:06 25 A. A person named [REDACTED].

09:15:08 1 Q. And who is he?

2 A. He's a mutual friend.

3 Q. Does he have a connection with Ripple?

4 A. No.

09:15:19 5 Q. So you said that -- that you met with  
6 Mr. Griffin sometime in the summer of 2013?

7 A. I don't recall exactly when we met, but  
8 it was sometime around then, yes.

9 Q. Okay. And before you started to work as  
09:15:32 10 a consultant for Ripple in the summer of 2013, did  
11 you meet with anyone else other than Mr. Griffin  
12 from Ripple?

13 A. I don't recall.

14 Q. Okay. And what do you recall about your  
09:15:45 15 initial conversation or conversations with  
16 Mr. Griffin before you became a consultant?

17 A. They were focused on explanations of how  
18 the technology worked, broadly how the Ripple  
19 technology worked.

09:15:58 20 Q. Okay. And what did Mr. Griffin tell  
21 you?

22 A. I'm sorry, by "Ripple technology," I  
23 mean the -- the Ripple Ledger.

24 Q. Okay.

09:16:06 25 A. He explained the consensus mechanism

09:16:10 1 that the Ripple Ledger uses, the decentralized  
2 exchange and other -- other aspects, which at the  
3 time were -- were not really recorded clearly for  
4 a nontechnical person to read.

09:16:21 5 Q. Okay. And then at some point you agreed  
6 to work as a consultant for Ripple?

7 A. That's correct.

8 Q. And what were you doing in your role as  
9 a consultant for Ripple?

09:16:36 10 A. Generally speaking, making introductions  
11 to many of the hedge funds with whom I had  
12 existing relationships to act as a general  
13 evangelist for the Ripple Ledger technology.

14 Q. And when you say "general evangelist,"  
09:16:57 15 what do you mean?

16 A. At the time there was a budding interest  
17 in digital assets broadly, but there wasn't much  
18 understanding and there wasn't much awareness of  
19 anything beyond bitcoin as a digital asset. And  
09:17:12 20 so there was, I think, value in having feedback  
21 and awareness of the fact that the Ripple  
22 technology -- Ripple Consensus Ledger technology  
23 existed and hearing feedback from experienced  
24 people in the financial market.

09:17:29 25 Q. Okay. And is this something that you

09:17:31 1 proposed to Mr. Griffin or that Mr. Griff --  
2 Griffin proposed to you?

3 MR. GULAY: Objection.

4 A. I don't remember the genesis of it.

09:17:41 5 Q. Was it an idea that you had before you  
6 went to meet with Mr. Griffin, that it would be  
7 good to introduce the technology to -- to hedge  
8 funds?

9 MR. GULAY: Objection.

09:17:48 10 MR. HORTON: Objection to form.

11 A. It would likely have been my idea  
12 because I was actively seeking a -- a job and  
13 try -- in the digital asset space and trying to  
14 find where my skills would be most useful and  
09:18:00 15 where I could, you know, find a job that I was  
16 excited about.

17 Q. Okay. And at the time that you were  
18 acting as a consultant for Ripple, were you still  
19 employed by [REDACTED]?

09:18:15 20 A. I beli -- there may have been some  
21 dovetailing, but generally speaking, it was after  
22 I left [REDACTED], when I was on a  
23 noncompete with [REDACTED].

24 Q. Got it. Okay.

09:18:29 25 And so during that summer in 2013 when

09:18:31 1 you were still in your consultant role, what is it  
2 that you did on behalf of Ripple?

3 A. That was a long time ago, so I don't  
4 remember everything that I may have done, but  
09:18:44 5 generally speaking, I was arranging meetings  
6 and -- and bringing Patrick to meetings and the  
7 two -- either he or the two of us were explaining  
8 the Ripple Ledger technology to people in the  
9 market.

09:18:57 10 Q. And are these hedge funds that you're  
11 meeting with or other types of institutions as  
12 well?

13 A. It's --

14 MS. BUNTING: Objection.

09:19:07 15 MR. GULAY: Objection.

16 A. It's difficult to remember exactly who  
17 we met with, but certainly there were hedge funds  
18 amongst the group.

19 Q. Okay. And in those meetings, did the --  
09:19:17 20 the institutions that you were meeting with  
21 express interest?

22 MR. HECKER: Objection to form.

23 MS. BUNTING: Objection.

24 A. Yes.

09:19:28 25 Q. Okay. What did they express interest



09:19:30 1 in?

2 A. There was a broad but nascent interest  
3 in digital assets broadly and this was an  
4 innovative iteration of that and arguably the  
09:19:43 5 first kind of major iteration beyond bitcoin and I  
6 think people found that interesting.

7 Q. So were -- were people expressing  
8 interest to you in the digital asset itself or in  
9 the technology or both?

09:19:54 10 MR. HORTON: Objection.

11 MS. BUNTING: Objection.

12 MR. GULAY: Objection.

13 A. We generally were explaining the  
14 technology broadly and explicitly not focusing on  
09:20:05 15 the digital asset itself, which is ancillary to  
16 technology.

17 Q. Other than the meetings that you just  
18 described, do you remember anything else about  
19 your work as a consultant in the summer of 2013  
09:20:25 20 for Ripple?

21 A. It's difficult to remember other  
22 specifics given how long ago it was.

23 Q. Okay. How many meetings did you have in  
24 that time, in the summer of 2013?

09:20:39 25 MR. GULAY: Objection.

09:20:39 1 A. It's difficult to say for certain.

2 Q. Can you ballpark it at all?

3 A. I would be guessing, I think.

4 Q. Would you say more than a dozen?

09:20:51 5 MR. GULAY: Objection.

6 A. Somewhere between 10 and 30 if I had to  
7 guess.

8 Q. Okay. And then at some point you became  
9 a full-time employee of Ripple?

09:21:03 10 A. That's correct.

11 Q. And when did that happen?

12 A. It was around the fall of 2013.

13 Q. And how -- how did that come to be, that  
14 you went from a consultant to a full-time  
09:21:11 15 employee?

16 A. I was fascinated by the technology and  
17 found it to be incredibly innovative and decided  
18 that I wanted to pursue this as my full-time use  
19 of my time.

09:21:26 20 Q. Before you became a full-time employee,  
21 did you meet with others at Ripple to discuss your  
22 employment?

23 A. I believe just Chris Larsen.

24 Q. And did you have a meeting with

09:21:37 25 Mr. Larsen?

09:21:38 1 A. I believe we met in person as well as  
2 had phone conversations.

3 Q. Okay. And what was the nature of those  
4 conversations?

09:21:46 5 MS. BUNTING: Objection.

6 A. It's difficult to remember what was  
7 discussed beyond the fact that they were  
8 introductory, getting-to-know-you conversations  
9 typical of, you know, an interview and new  
09:21:58 10 employment.

11 Q. Were you expressing to Mr. Larsen your  
12 ideas for how you could contribute to Ripple doing  
13 business?

14 MR. HORTON: Objection to form.

09:22:06 15 MS. BUNTING: Objection.

16 A. It's difficult to remember.

17 Q. What did Mr. Larsen tell you, if  
18 anything, about Ripple?

19 MR. GULAY: Objection.

09:22:18 20 A. Again, it's very difficult to remember  
21 the specifics of a conversation from 2013 at this  
22 point.

23 Q. I understand that. And I'm not  
24 necessarily looking for specifics, but do you have  
09:22:26 25 a general memory of what it is that you and he

09:22:29 1 discussed?

2 MS. BUNTING: Objection.

3 MR. HORTON: Objection. Asked

4 and answered.

09:22:35 5 A. I think I was selling him on my  
6 abilities and he was selling me on the prospects  
7 of the company as is typical of -- you know, in an  
8 interview situation.

9 Q. Okay. And when you say your  
09:22:43 10 "abilities," your abilities to do what?

11 A. At the time I felt that I would be the  
12 most -- the person with the most markets  
13 experience to join the company, which was  
14 primarily developers and -- and other start-up  
09:23:01 15 entrepreneurs that didn't come from specifically a  
16 trading background and so I thought that would be  
17 valuable to the company.

18 Q. Okay. Why would markets -- markets  
19 experience be valuable to the company?

09:23:15 20 A. A major component of the Ripple Ledger  
21 technology is a decentralized exchange and  
22 understanding market conventions is valuable in  
23 creating a software that will adhere to those  
24 conventions for the -- for the financial world and  
09:23:35 25 not reinvent the wheel in a bizarre way that --

09:23:39 1 that is nonstandard for -- for financial  
2 professionals.

3 Q. Okay. What was your title when you  
4 started at Ripple?

09:23:49 5 A. Director of markets and trading.

6 Q. And did that title change at any point  
7 during your employment with Ripple?

8 A. At some point I became the head of  
9 markets and trading.

09:23:58 10 Q. Did your responsibilities change along  
11 with the title change?

12 A. My responsibilities were largely the  
13 same throughout, though when I received the head  
14 of markets and trading title, I also joined the  
09:24:17 15 management committee of the firm.

16 Q. And when was that?

17 A. I don't recall without researching it.

18 Q. Do you recall if it was near the  
19 beginning or near the end of your tenure?

09:24:27 20 A. It wasn't near the beginning so it was  
21 near the middle or the end, but the specific date  
22 I don't recall.

23 Q. Okay. When you first started as  
24 director of markets and tradings, who did you --  
09:24:39 25 trading, who did you report to?

09:24:41 1 A. I reported to Patrick Griffin throughout  
2 my tenure at the firm.

3 Q. So even when you were the head of  
4 markets and trading, you continued to report to  
09:24:52 5 Mr. Griffin?

6 A. That's correct.

7 Q. Okay. Did anyone report to you during  
8 your time at Ripple?

9 A. I had one report towards the latter half  
09:24:58 10 of my time there.

11 Q. And who was that?

12 A. [REDACTED].

13 Q. And is that when you were head of  
14 market -- markets and trading or it was -- it  
09:25:08 15 started before that?

16 MR. GULAY: Objection.

17 A. I'm not sure exactly how those two dates  
18 relate to one another.

19 Q. Okay. How many people were at Ripple  
09:25:23 20 when you started in -- when you started as a  
21 consultant in the summer of 2013?

22 A. Less than 20, I believe. Maybe 15.

23 Q. And when you started as the director of  
24 markets and trading, what did you understand that  
09:25:42 25 your responsibilities would be in that role?

09:25:45 1 A. My primary responsibility was to recruit  
2 and onboard market-making firms, which is a type  
3 of trading firm, to participate in -- on the  
4 Ripple Ledger as market makers. My secondary  
09:26:06 5 responsibility was educational in nature.

6 Generally providing explanations and general  
7 evangelism of the technology within the -- the  
8 financial market world.

9 Q. And both of these -- these primary and  
09:26:37 10 secondary responsibilities are things that you  
11 discussed with Mr. Larsen before you began as  
12 director of markets and trading?

13 MS. BUNTING: Objection.

14 MR. HORTON: Objection to form.

09:26:47 15 A. They're things I discussed with Patrick  
16 Griffin. They may or may not have been discussed  
17 with Chris Larsen. I don't recall me discussing  
18 directly or not.

19 Q. Okay. And did the nature of your  
09:27:04 20 responsibility change over time during your tenure  
21 at Ripple?

22 A. No.

23 Q. Did you have an annual salary while at  
24 Ripple?

09:27:17 25 A. Yes.

09:27:18 1 Q. What was your salary?

2 A. It was approximately [REDACTED] a year.

3 Q. And did you receive a bonus?

4 A. I received equity-based compensation and  
09:27:33 5 I received incentive-based compensation in XRP for  
6 meeting performance goals.

7 Q. What was your equity-based compensation?

8 A. I believe it was [REDACTED] in the  
9 company over a four-year vesting period, but my  
09:27:52 10 recollection is fuzzy without looking at the  
11 numbers again.

12 Q. Do you still have equity in Ripple?

13 A. I do still have my employee equity  
14 compensation, yes.

09:28:12 15 Q. The full amount of equity?

16 A. I believe so, yes.

17 Q. And do you know how much you have in  
18 equity currently?

19 A. It's difficult to say since it's a  
09:28:27 20 private company and there's no visible market for  
21 it.

22 Q. Do you have a ballpark?

23 A. I would be guessing.

24 Q. Do you have a sense if it's in the  
09:28:44 25 millions of dollars, in the tens of millions of



09:28:46 1 dollars, or something else?

2 MR. HORTON: Objection.

3 A. If I wagered a guess, I would say it's  
4 about [REDACTED]; but, again, the -- I think the --  
09:28:52 5 the prices even on a given day can vary by a  
6 hundred percent depending on where the transaction  
7 happens and who -- who transacts.

8 Q. Okay. And you're -- and you said you  
9 had incentive-based compensation that was paid out  
09:29:05 10 in XRP?

11 A. Correct.

12 Q. Okay. And what was your incentive-based  
13 compensation?

14 A. I received -- my memory on the exact  
09:29:14 15 number is fuzzy, but I believe a total of [REDACTED]  
16 [REDACTED] XRP.

17 Q. And this is in total during your time at  
18 Ripple?

19 A. Correct.

09:29:21 20 Q. Okay. And what was this compensation  
21 based on?

22 MR. HORTON: Objection to form.

23 A. It was a performance bonus in exchange  
24 for signing up a specific number of market-making  
09:29:42 25 firms during my time there.

09:29:47 1 Q. And what was the specific number?

2 MR. GULAY: Objection.

3 A. I believe it was five, but the specifics  
4 are hazy without researching it.

09:30:00 5 Q. So when did you get this incentive-based  
6 compensation?

7 A. It would have been towards the end of my  
8 time at Ripple.

9 Q. Do you still own XRP?

09:30:20 10 A. Not any material amount. I'm sure  
11 accounts that I control still have a de minimis  
12 amount, like in the tens of dollars, but it's  
13 accidental. There's no material amount that I  
14 currently hold.

09:30:35 15 THE REPORTER: "There's no  
16 material amount that"?

17 A. I don't cur -- there's no material  
18 amount that I currently hold.

19 Q. So you sold the [REDACTED] or so  
09:30:49 20 XRP?

21 A. That's correct.

22 Q. Okay. When did you sell it?

23 A. It was over a period of several months.  
24 The exact time I don't recall, but it would have  
09:31:02 25 been around 2014, 2015.

09:31:09 1 Q. Was it while you were still at Ripple?

2 A. I don't recall whether my transactions  
3 began while I was still at Ripple or immediately  
4 after.

09:31:25 5 Q. And how did you sell your XRP?

6 A. Through -- through exchanges on the  
7 Ripple Ledger. I don't remember if that was  
8 exclusively the way I did it given how much time  
9 has passed, but that was predominantly how it was  
09:31:46 10 done.

11 Q. Which exchanges?

12 A. I recall that Bitstamp was one of the  
13 exchanges with significant liquidity at the time  
14 that I used, but I don't recall if that was  
09:32:02 15 exclusively what I used given how much time has  
16 passed. I -- I'm sure that I used others, but I  
17 don't recall which.

18 Q. And who did you sell it to?

19 A. I don't know.

09:32:13 20 Q. How much did you sell it for?

21 A. Approximately a [REDACTED] in  
22 total, but the exact total I would have to check  
23 to be certain of.

24 Q. Other than that [REDACTED] XRP,

09:32:29 25 have you at any point bought other XRP?

09:32:36 1 A. I regularly --

2 MS. BUNTING: Objection.

3 A. I regularly bought -- I regularly  
4 transacted on the network because I felt it was  
09:32:43 5 important to use the product to understand it  
6 better. So I -- I made transactions regularly,  
7 not necessarily with a -- with an economic goal of  
8 any type.

9 Q. Well, what kinds of transactions?

09:33:05 10 A. I thought it was important to make a  
11 breadth of transactions given my role as head of  
12 markets and trading to understand the system. So  
13 I would try and make all types of transactions to  
14 understand things are working correctly and  
09:33:17 15 understand if things can be improved.

16 Q. Can you give me some examples of the  
17 types of transactions you -- you made?

18 A. Generally speaking, transactions on  
19 Ripple, on the Ripple Ledger, are exchanging one  
09:33:29 20 type of asset for another type of asset. And so I  
21 frequently transacted all types of assets for all  
22 other types of assets to test the system, demo the  
23 system, et cetera.

24 Q. And were you doing this with your own  
09:33:45 25 funds or with Ripple's funds?

09:33:48 1 MR. GULAY: Objection.

2 MS. BUNTING: Objection.

3 A. Both my own funds and Ripple's funds.

4 Q. When you held your [REDACTED] XRP

09:34:03 5 before you sold it, did you want the price of --

6 of XRP to go up while you held it?

7 MR. GULAY: Objection.

8 MS. BUNTING: Objection.

9 A. I certainly preferred it to go up than

09:34:12 10 down.

11 Q. Okay. And when did you leave Ripple?

12 A. Mid to late 2015.

13 Q. And why did you leave Ripple?

14 A. General sense of burnout after working

09:34:32 15 very long hours for two years, as well as from a

16 risk management perspective, feeling like the

17 outcome of Ripple, like I viewed all technology

18 start-ups, early stage start-ups, to have a fairly

19 binary outcome of success or failure over time.

09:34:54 20 And from a risk management perspective, once you

21 have the trade on, so to speak, it often makes

22 sense to diversify and do something else rather

23 than devoting ten years of your life to a binary

24 outcome.

09:35:10 25 Q. Are you still in touch with your former

09:35:11 1 Rip -- Ripple colleague?

2 A. Yes, I am.

3 MS. BUNTING: Objection.

4 Q. Who --

09:35:14 5 MS. STEWART: What was the  
6 objection there?

7 MS. BUNTING: You said "Are you  
8 still in touch" --

9 THE REPORTER: I can't hear you.

09:35:20 10 MS. BUNTING: She said "Are you  
11 still in touch?" What does that mean?

12 MS. STEWART: Okay.

13 MS. BUNTING: Can you -- I think  
14 that's ambiguous. So you can rephrase it.

09:35:25 15 BY MS. STEWART:

16 Q. Okay. If you understand what that  
17 means, please answer.

18 A. Yes, I am.

19 Q. Okay. Who are you in touch with?

09:35:37 20 A. Primarily Patrick Griffin and [REDACTED]  
21 [REDACTED], though I have sporadic conversations with  
22 a large number of people from the firm.

23 Q. Okay. How often do you speak with  
24 Patrick Griffin?

09:35:55 25 A. At least once a month.

09:36:01 1 Q. Do you consider any of your former  
2 Ripple colleagues to be friends?

3 A. Yes.

4 Q. Who?

09:36:06 5 A. Patrick Griffin and [REDACTED], the  
6 two that I mentioned that I'm in touch with  
7 regularly.

8 Q. Are you in touch with Chris Larsen?

9 MS. BUNTING: Objection.

09:36:14 10 A. Not regularly.

11 Q. Okay. When was the last time you spoke  
12 with Mr. Larsen?

13 A. Over a year ago. The exact date I'm  
14 not -- I'm not sure of.

09:36:30 15 Q. What did you speak with him about over a  
16 year ago?

17 A. I solicited him for investment in my  
18 real estate project and he did not want to invest  
19 in it.

09:36:48 20 Q. Do you know Brad Garlinghouse?

21 A. I do.

22 Q. How do you know him?

23 A. Through my time at Ripple as an  
24 employee.

09:36:56 25 Q. So did you and Mr. Garlinghouse overlap

09:36:58 1 at Ripple?

2 A. We did.

3 Q. Okay. Are you in touch with him?

4 A. I have not spoken to him for a very long  
09:37:06 5 time.

6 Q. Okay. I want to make sure that we're  
7 using the right terminology here as we talk -- as  
8 we talk here today.

9 So when -- when you first joined Ripple,  
09:37:24 10 was there something called the Ripple network?

11 A. There was a technology which people  
12 referred to as "Ripple," which may also -- you  
13 know, I think that's what you're referring to when  
14 you say "the Ripple network." People today often  
09:37:44 15 call it the Ripple Consensus Ledger --

16 Q. Okay.

17 A. -- so yes.

18 Q. So -- so Ripple network in your mind is  
19 what today is called the Consensus Ledger or the  
09:37:54 20 XRP Ledger?

21 MR. GULAY: Objection.

22 MR. HORTON: Objection.

23 A. I don't recall Ripple network being a  
24 common term, but people referred Ripple as a  
09:38:01 25 technology and I think that's what you mean by



09:38:04 1 "Ripple network."

2 Q. Okay. Well, as we go through some of  
3 the documents, as we see these terms, then maybe  
4 I'll ask you in the context of the documents what  
09:38:11 5 they mean.

6 A. Yes. Understood.

7 Q. Okay. And was there something called  
8 the Ripple protocol in 2013?

9 A. Yes.

09:38:23 10 Q. Okay. And what is the Ripple protocol?

11 MR. GULAY: Objection. Do you  
12 mean in 2013 --

13 MS. STEWART: Yes.

14 MR. GULAY: -- or now?

09:38:32 15 MS. STEWART: Yes, in 2013.

16 A. I'm not sure if you're using these terms  
17 in a very nuanced way, but Ripple protocol I think  
18 of as code, software. And maybe you're referring  
19 to Ripple network as the network of computers  
09:38:51 20 employing the code? But in some ways those are  
21 synonymous terms, Ripple network and Ripple  
22 protocol.

23 Q. Okay. I was trying to cause less  
24 confusion, but I think I caused more. So as we go  
09:39:02 25 through the documents, I'll ask you -- I'll ask

09:39:04 1 you the question.

2 Do you understand that one of the issues  
3 in this case is whether XRP is a security and  
4 subject to SEC regulation?

09:39:17 5 A. That is my understanding.

6 Q. Okay. Did anyone at the SEC ever tell  
7 you that XRP is not a security?

8 A. No.

9 Q. Are you aware of anyone at the SEC ever  
09:39:31 10 telling anyone at Ripple that XRP is not a  
11 security?

12 MR. HORTON: Objection to form.

13 A. I'm not aware of any conversations that  
14 Ripple did or did not have with the SEC.

09:39:51 15 Q. Okay. So you -- you mentioned that your  
16 sort of primary responsibility at -- at Ripple was  
17 to recruit and onboard market-making firms to  
18 participate on the Ripple Ledger as market makers.

19 Do I have that right?

09:40:05 20 A. Correct.

21 MR. GULAY: Objection.

22 Q. Was one of your responsibilities also to  
23 sell XRP?

24 A. No.

09:40:12 25 Q. That was never part of your job

09:40:13 1 function?

2 A. No.

3 MR. HORTON: Objection to form.

4 Q. Did you, in fact, sell XRP on behalf of  
09:40:17 5 Ripple?

6 A. I don't recall if I effected a  
7 transaction. I may have, but certainly I did not  
8 frequently effect transactions in XRP.

9 Q. When you started at --

09:40:41 10 A. I'm sorry. I should say with third  
11 parties over the counter. I did trade in the  
12 network, as I said, which is effecting  
13 transactions.

14 Q. Okay. Understood. Thank you for that  
09:40:52 15 clarification.

16 When you started at Ripple, was there a  
17 market for buying and selling XRP?

18 MR. HORTON: Objection to form.

19 A. There was a nascent illiquid market.

09:41:10 20 Q. At that time when you started at Ripple,  
21 how much volume of XRP was -- was traded daily?

22 MR. GULAY: Objection.

23 MS. BUNTING: Objection.

24 A. I don't recall without looking it up. A  
09:41:22 25 very small amount.

09:41:23 1 Q. Something in the range of, you know, in  
2 the hundreds or thousands of dollars?

3 MR. HORTON: Objection to form.

4 MR. GULAY: Objection.

09:41:33 5 A. I don't recall, but a very small amount.  
6 I would say a de minimis amount.

7 Q. And what was XRP's price at that time  
8 when you started?

9 MR. HORTON: Objection to form.

09:41:41 10 MR. GULAY: Objection.

11 A. I don't recall without checking the  
12 chart exactly.

13 Q. Do you recall if it was fractions of a  
14 penny?

09:41:54 15 A. It was fractions of a penny.

16 Q. And how much XRP at that time was in  
17 circulation, meaning not with Ripple or Ripple's  
18 founders?

19 MR. HORTON: Objection to form.

09:42:05 20 MR. GULAY: Objection.

21 MS. STEWART: What's the  
22 objection?

23 MR. HORTON: I don't know what  
24 you mean by "at that time."

09:42:09 25 Q. At the time that you started at Ripple.

09:42:14 1 A. I think that's publicly available, but I  
2 don't recall without looking it up.

3 Q. Did Ripple take steps during your tenure  
4 to increase trading in the XRP market?

09:42:35 5 MS. BUNTING: Objection.

6 A. The firm had an interest in increasing  
7 liquidity and developing a liquid market for all  
8 assets on the Ripple Ledger, including XRP.

9 Q. And why did the firm have an interest in  
09:43:02 10 increasing liquidity for XRP specifically?

11 MR. HORTON: Objection to form.

12 MR. GULAY: Objection.

13 MS. BUNTING: Objection.

14 A. I think the firm would have viewed it as  
09:43:15 15 a success if the Ripple network, Ripple Ledger,  
16 developed liquidity for other assets excluding  
17 XRP. I still think that would have been viewed as  
18 a success state. But certainly, just like I  
19 preferred the price of XRP to go up rather than  
09:43:34 20 down, the firm would have benefited from the price  
21 of XRP growing up rather than down.

22 Q. Did the firm take steps to increase the  
23 liquidity of assets other than XRP on the --

24 A. Yes.

09:43:46 25 Q. -- on the Ripple Ledger?

09:43:48 1 MR. GULAY: Objection.

2 A. Yes.

3 Q. Which assets?

4 A. A variety of assets.

09:43:55 5 Q. Can you give me some examples?

6 A. Sure. We had a number of business  
7 development efforts to increase the liquidity of  
8 bitcoin against dollars on the network. We also  
9 had a number of business development ex -- efforts  
09:44:11 10 to develop a market for gold against dollars on  
11 the network. And there were many other examples.  
12 Those are two that I can recall easily.

13 Q. And what steps did the firm take to  
14 increase liquidity of XRP?

09:44:34 15 MR. GULAY: Objection;

16 foundation.

17 A. The firm took similar steps to increase  
18 liquidity of those assets that I just mentioned  
19 and XRP. I don't -- I don't think that we treated  
09:45:00 20 them particularly differently. We were interested  
21 in developing a liquid market broadly speaking.  
22 And as I mentioned, if that liquid market  
23 developed outside of XRP, I think the firm viewed  
24 that equally to be a success.

09:45:16 25 Q. Okay. But can you think of any steps

09:45:18 1 that the firm took with respect to XRP in  
2 particular to -- to develop a more liquid market?

3 MR. GULAY: Objection.

4 A. Sure. So this is not unique to XRP but  
09:45:30 5 it did apply to XRP. The market-making firms that  
6 I onboarded had received compensation in exchange  
7 for providing quotes to buy and sell XRP against  
8 dollars as well as bitcoin against dollars and --  
9 and other assets.

09:45:52 10 Q. Okay. Any other steps that you recall?

11 A. Not that I can easily recall, no.

12 Q. When you started at Ripple, did Ripple  
13 have a strategy for distributing XRP?

14 MR. GULAY: Objection.

09:46:18 15 A. When I started at Ripple, generally  
16 speaking, there was a -- there was a -- a desire  
17 to give away the XRP, to distribute it by giving  
18 it away.

19 Q. Did this desire to -- to distribute XRP  
09:46:35 20 by giving it away, did that change over time  
21 during your time at Ripple?

22 MR. HORTON: Objection to form.

23 A. Over time, yes, the giveaways slowed and  
24 increasingly Ripple was distributing XRP by  
09:47:02 25 selling it or granting it in business development

09:47:05 1 deals, which are forms of giveaways, but different  
2 form than -- than when I started at the company.

3 THE REPORTER: "When I  
4 started..."?

09:47:12 5 A. When I started at the company.

6 Q. And when did the shift happen to --  
7 strike that.

8 When did the shift happen from giveaways  
9 to sales of XRP?

09:47:24 10 MR. HORTON: Objection to form.

11 MR. GULAY: Objection.

12 MS. BUNTING: Objection.

13 A. I don't think there was a discrete  
14 change, but at the beginning of my time with the  
09:47:34 15 firm, it clearly seemed different from at the end  
16 of my time with the firm.

17 Q. Okay. And why -- why did Ripple begin  
18 to -- to sell XRP as a means of distributing it?

19 A. I don't know. I -- I didn't make the  
09:47:55 20 decision -- I believe Ripple sold XRP prior to my  
21 arriving at the firm and I wasn't the person  
22 deciding how and when or why Ripple sold XRP.

23 Q. But fair to say that at some point  
24 during your tenure, there -- there was a movement  
09:48:16 25 from sort of focusing on giveaways to focusing



09:48:18 1 more on sales of XRP?

2 MR. HORTON: Objection to form.

3 MR. GULAY: Objection.

4 A. I think give a -- both -- both things  
09:48:33 5 were happening throughout my tenure at the firm.  
6 I think the nature of the giveaways shifted from  
7 broadly giving it away to anyone to strategically  
8 striking business development deals.

9 Q. And when did Ripple start striking  
09:48:56 10 business development deals?

11 A. Prior to my arrival at the firm and  
12 throughout my time there.

13 Q. Were you involved in -- in those  
14 business development deals?

09:49:10 15 A. In some situations, yes.

16 Q. Was there a team that was in charge of  
17 those business development deals?

18 MS. BUNTING: Objection.

19 A. There was a business development team.

09:49:30 20 Q. Okay. And who was on that team?

21 A. Patrick Griffin was the senior vice  
22 president of business development and there was a  
23 team of -- of people reporting to him. I was -- I  
24 was also on that team as someone reporting to the  
09:49:45 25 senior vice president of business development.

09:49:48 1 Q. But was there somebody else at your  
2 level who -- who was tasked with the business  
3 development deals?

4 MS. BUNTING: Objection.

09:50:00 5 A. There was a team of people who had a  
6 title of business development director who  
7 reported to Patrick Griffin, the senior vice  
8 president of business development.

9 Q. And who was that person with that title?

09:50:09 10 A. There were several people at various  
11 times, but [REDACTED]  
12 [REDACTED] are three that I can easily name, easily  
13 recall.

14 Q. When Ripple sold XRP, did it place  
09:50:53 15 restrictions on the resale of the XRP?

16 MR. HECKER: Objection to form.

17 MR. GULAY: Objection;  
18 foundation.

19 A. I believe --

09:51:11 20 MR. GULAY: In fact, what time  
21 period are we talking about here?

22 Q. Well, I'll ask the question first more  
23 generally during your entire -- the entire time  
24 period that you were at Ripple.

09:51:23 25 A. I recall at times the company's desire

09:51:29 1 to have, quote/unquote, lock-ups restricting sale.  
2 I'm not aware of how those were structured or  
3 enforced.

4 Q. Are you aware of Ripple placing  
09:51:45 5 restrictions on who the XRP recipient could sell  
6 the XRP to?

7 A. I don't recall any situation like that.

8 Q. So broadly speaking, whether it was  
9 through giveaways or the business development  
09:52:08 10 deals we've talked about or otherwise, why did  
11 Ripple take steps to distribute XRP?

12 MR. GULAY: Objection to form.

13 MR. HORTON: Objection.

14 A. The technology is -- is not -- the  
09:52:32 15 Ripple Consensus Ledger, Ripple protocol  
16 technology, is designed in a way that in order for  
17 a user to use the network, a small amount of XRP  
18 is required. The user is required to hold a small  
19 amount of XRP. And so given that the firm had an  
09:52:51 20 interest in seeing a growth in the number of users  
21 using the protocol, it was important for XRP to be  
22 broadly distributed in the hands of people  
23 globally, people and entities globally.

24 Q. Any other reasons for Ripple to  
09:53:11 25 distribute XRP?

09:53:19 1 A. I view that as the primary interest  
2 Ripple had in distributing XRP.

3 Q. Did Ripple distribute XRP in order to  
4 increase XRP's liquidity?

09:53:33 5 MR. GULAY: Objection to form.

6 A. One form of distribution was  
7 compensation to market makers. So in that sense  
8 Ripple sought to engage market makers to improve  
9 liquidity of XRP and other assets and compensated  
09:54:00 10 them with XRP. So in that light, I think the  
11 answer to your question is yes.

12 Q. Any other way in which Ripple sought to  
13 increase liquidity through distributions other  
14 than through market makers?

09:54:15 15 MR. GULAY: Objection; asked and  
16 answered.

17 A. I can't immediately think of other ways,  
18 no.

19 Q. When Ripple was selling XRP or giving  
09:54:32 20 away XRP, was there a thought that the recipient  
21 of the XRP would then do additional trades, thus  
22 increasing the volume --

23 MR. GULAY: Objection.

24 Q. -- in the market?

09:54:41 25 MR. HORTON: Objection to form.

09:54:50 1 A. I wasn't aware of an assumption one way  
2 or another, that the person would do more trades  
3 or not do more trades.

4 Q. Okay. Did Ripple sell XRP to raise  
09:55:02 5 money for its business operations?

6 MR. GULAY: Objection to form.

7 A. I did not have visibility into the  
8 firm's finances and whether the venture capital  
9 funding was sufficient to meet the firm's needs or  
09:55:20 10 not at various points in time.

11 Q. So you're not aware one way or -- or the  
12 other as to whether Ripple sold XRP in order to  
13 fund its business operations?

14 A. I'm aware --

09:55:30 15 MR. HECKER: Objection.

16 A. -- that the firm took in dollars in  
17 exchange for selling XRP and I'm aware that that  
18 improved the firm's balance sheet. I'm not aware  
19 of whether that was required capital to fund the  
09:55:43 20 firm's operations or not.

21 Q. Okay. And what is the -- the venture  
22 capital funding that you spoke about a moment ago?

23 A. Ripple Labs, Inc., in my understanding,  
24 began with seed funding from venture capitalists  
09:55:59 25 and over time received additional rounds of

09:56:02 1 funding from venture capitalists in exchange for  
2 equity in the company.

3 MS. STEWART: Okay. I'm going to  
4 start with our first document. That's  
09:56:28 5 Exhibit 2.

6 (Whereupon, exhibit is presented  
7 and marked SEC Rapoport Exhibit PR-2 for  
8 identification.)

9 MR. TENREIRO: I'll give one to  
09:56:44 10 Bridget and if that's not enough on this  
11 side...

12 I think that's enough, though.

13 MR. GULAY: And, Jorge, you're  
14 e-mailing it to Leyla?

09:56:57 15 MR. TENREIRO: Yes. Nicole is  
16 usually e-mailing it.

17 MR. GULAY: Nicole is, okay.  
18 Thank you.

19 BY MS. STEWART:

09:57:04 20 Q. Okay. So, Mr. Griffin (sic), I've  
21 handed you what we've marked PR-2. That's Bates  
22 number RPLI\_SEC 0320652 through 663. Take a  
23 moment, please, to look at it and let me know when  
24 you're ready.

09:59:38 25 (Pause)

10:00:24 1 A. Okay. I've reviewed it.

2 Q. Okay. Great.

3 So what is this document?

4 A. This is a primer to explain the very  
10:00:36 5 basic concepts of the Ripple technology to a  
6 new -- a new reader.

7 Q. Okay. And did you put this document  
8 together?

9 A. I did.

10:00:49 10 Q. Why did you put it together?

11 A. At the time my recollection was that  
12 there was primarily technical documents for a  
13 technical audience and there was not a simplified  
14 document for a -- a nontechnical person to  
10:01:05 15 familiarize themselves with the technology.

16 Q. And -- and is the audience that you're  
17 referring to the -- the hedge funds and other  
18 institutions that we had talked about earlier?

19 MR. GULAY: Objection to form.

10:01:21 20 MR. HORTON: Objection.

21 A. I think this document can be broadly  
22 read by anybody, but, in general, Ripple had an  
23 interest in financial institutions of all type.  
24 That was the -- the market that we were generally  
10:01:34 25 speaking to at the time.

10:01:37 1 Q. Did someone ask you to put this document  
2 together?

3 A. I don't recall.

4 Q. Did Mr. Griffin send you comments on  
10:01:52 5 this document after you sent him this -- this  
6 version that's in PR-2?

7 A. I don't recall whether he iterated on  
8 this or not.

9 Q. Do you recall if anyone else commented  
10:02:06 10 on it?

11 A. I really don't. It -- it was so long  
12 ago. I don't recall. I'm sorry.

13 Q. And did you ultimately finalize this  
14 document?

10:02:17 15 A. Yes, we did.

16 MS. STEWART: Nicole, we're on  
17 PR-5 now.

18 (Whereupon, exhibit is presented  
19 and marked SEC Rapoport Exhibit PR-5 for  
10:02:25 20 identification.)

21 MS. STEWART: So for the record,  
22 PR-5 -- for the record, PR-5 is Bates  
23 numbered RPLI\_SEC 0328413 through 8432.

24 BY MS. STEWART:

10:02:40 25 Q. And, once again, take however long you



10:02:45 1 need to look at the document and let me know when  
2 you're ready.

3 (Pause)

4 A. Okay. I've reviewed it.

10:06:04 5 Q. Okay. So what is this document?

6 A. This is a later version of the document  
7 we just looked at, which, as I said, it's a primer  
8 for someone looking to familiarize themselves with  
9 the basics of Ripple.

10:06:18 10 Q. Okay. And you're sending this later  
11 version to Mr. Larsen in this e-mail?

12 A. I see that from the e-mail header, but I  
13 don't recall this interaction specifically.

14 Q. Okay. Do -- do you recall why you sent  
10:06:31 15 the -- the draft to Mr. Larsen?

16 A. I don't recall this -- sending this  
17 e-mail, but I see the -- in the header that I sent  
18 it to him.

19 Q. Okay. Do you recall if Mr. Larsen had  
10:06:40 20 any comments on the primer before it was  
21 finalized?

22 MS. BUNTING: Objection.

23 A. I don't recall.

24 Q. Do you recall any discussions with  
10:06:53 25 Mr. Larsen about the primer?

10:06:58 1 MS. BUNTING: Objection.

2 A. No, I don't.

3 Q. And do you recall any discussions with  
4 Mr. Griffin about the primer?

10:07:08 5 A. I'm sure we discussed it, but I don't  
6 recall the specifics of any discussion.

7 Q. Did you send the primer to anyone else  
8 at Ripple before it was finalized?

9 A. I may have, but I -- I just don't recall  
10:07:21 10 given how long ago it was.

11 Q. Okay.

12 MS. STEWART: Okay. Nicole,  
13 we're -- we're looking at PR-6 now.

14 (Whereupon, exhibit is presented  
10:07:31 15 and marked SEC Rapoport Exhibit PR-6 for  
16 identification.)

17 MS. STEWART: So for the record,  
18 PR-6 is Bates numbered RPLI\_SEC 0337822  
19 through 7842.

10:07:54 20 BY MS. STEWART:

21 Q. And, once again, please take whatever  
22 time you need to -- to review the document and let  
23 me know when you're ready.

24 (Pause)

10:09:03 25 A. Okay. I've reviewed this.

10:09:04 1 Q. Okay. Great.

2 So what -- what is this document, the  
3 cover e-mail and then the attachment?

4 A. The attachment appears to be the same  
10:09:16 5 attachment, at least I didn't spot any differences  
6 from PR-5's attachment. The cover e-mail appears  
7 to be me sending this primer to [REDACTED], who is  
8 a friend of Chris Larsen's, who I believe had been  
9 a seed investor in the firm, but I'm not sure of  
10:09:39 10 that fact.

11 Q. So is it fair to say that the -- the  
12 version of the primer that's attached to this  
13 document, PR-5, is the final version of the  
14 primer?

10:09:50 15 MR. GULAY: Objection.

16 A. Since this was sent externally, I think  
17 it's clearly a live version, but I think there may  
18 have been other iterations. I just don't recall.

19 Q. Okay. But given that it was sent  
10:10:06 20 externally, it's -- you know, it was a final  
21 version --

22 A. It was --

23 Q. -- at the time?

24 A. I'm sorry for talking over you.

10:10:11 25 It was in use.

10:10:13 1 Q. Okay. Got it.

2 And why were you sending this primer to  
3 Mr. [REDACTED]?

4 A. I recall spending a lot of time on the  
10:10:24 5 language used in the primer; and I don't remember  
6 sending this specific e-mail, but I say in the  
7 e-mail that it runs through a narrative in a nice  
8 way that avoids an emphasis on the new currency.

9 THE REPORTER: I can't hear you.

10:10:40 10 A. It -- I say in the e-mail I think it  
11 runs through the narrative in a nice way that  
12 avoids an emphasis on the new currency.

13 Q. Do you recall if -- if Ripple was  
14 soliciting an investment from Mr. [REDACTED] --

10:11:01 15 MR. GULAY: Objection.

16 Q. -- at this time?

17 A. I do not believe Ripple was soliciting  
18 investment from Mr. [REDACTED] at this time.

19 Q. Okay. And you don't remember one way or  
10:11:15 20 the other why you sent him this document in  
21 October of 2013?

22 A. I don't remember sending this e-mail.  
23 Even though I'm looking at it, I obviously sent  
24 it, but I don't recall the specifics around why I  
10:11:30 25 sent this e-mail.

10:11:31 1 Q. Okay. After you finalized the primer,  
2 did you send it to financial institutions?

3 A. In my recollection, this primer was the  
4 main nontechnical explanation that was in use to  
10:11:54 5 share a written version of -- of the narrative  
6 of -- explaining Ripple.

7 Q. Okay. So did you send the primer to  
8 financial institutions as part of -- of your work  
9 to -- to market XRP?

10:12:14 10 MR. HORTON: Objection to form.

11 MR. GULAY: Objection.

12 MS. BUNTING: Objection.

13 A. My recollection is that we sent this  
14 document to explain the Ripple technology to  
10:12:23 15 interested parties.

16 Q. Okay. What types of interested parties?

17 A. Really all types from nonfinancial  
18 corporates, interested in individuals like [REDACTED]  
19 [REDACTED], hedge funds and financial institutions,  
10:12:44 20 and other -- other types.

21 Q. And did that include individuals or  
22 institutions who were interested in buying XRP?

23 A. I don't -- I wouldn't necessarily know  
24 what someone's interest in buying it was or was  
10:13:08 25 not. In general, our goal and our messaging was

10:13:14 1 focused around explaining the technology and not  
2 on XRP. And we specifically sought to  
3 de-emphasize XRP in our -- in the narrative we  
4 used as this -- as this e-mail indicates.

10:13:28 5 Q. Okay. But my question is, to the extent  
6 that you were trying to get individuals or  
7 institutions to buy XRP, did you send them this  
8 primer?

9 MR. HORTON: Objection.

10:13:43 10 MR. GULAY: Objection to form.

11 MS. BUNTING: Objection.

12 A. I did not try and get individuals or  
13 institutions to buy XRP. And in meetings, the  
14 narrative we used very specifically tried to focus  
10:13:57 15 only on the technology and de-emphasize any  
16 discussions of XRP and digital assets.

17 Q. And why is that? Why did you want to  
18 de-emphasize discussions of digital assets?

19 A. Because our primary objective was to  
10:14:16 20 develop a liquid market for any asset. I think  
21 the company viewed it as a -- as a win  
22 strategically if a liquid market developed for  
23 bitcoin against dollars or gold against dollars or  
24 Euros against dollars. And we largely felt that  
10:14:33 25 the focus on digital assets was a distraction from

10:14:40 1 what we viewed to be applicable use cases in the  
2 real world.

3 MR. HECKER: Counsel, we've been  
4 going for about 75 minutes. Can we take a  
10:14:57 5 short break?

6 MS. STEWART: Well, I have more  
7 questions on this document, but -- but we  
8 can come back to it if you'd prefer.

9 MR. HORTON: Thanks.

10:15:03 10 MS. STEWART: That's fine. We  
11 can go off the record.

12 THE VIDEOGRAPHER: Okay. Going  
13 off the record at 10:15.

14 (Whereupon, a recess is taken.)

10:30:53 15 THE VIDEOGRAPHER: Okay. Back on  
16 the record at 10:30.

17 Go ahead.

18 BY MS. STEWART:

19 Q. Okay. Mr. Rapoport, still looking at  
10:31:01 20 Exhibit PR-6, I want to now go through the  
21 attachment to this document, the -- the Ripple  
22 primer. Okay?

23 A. Yes.

24 Q. So let's first look at page 17 of the  
10:31:16 25 document, which is Bates numbered 37841 on the

10:31:26 1 bottom.

2 A. Yes.

3 Q. Okay. So looking at the top of this  
4 document, the first sentence says "Ripple Labs is  
10:31:34 5 the creator of Ripple."

6 Do you see that?

7 A. Yes.

8 Q. Okay. Did you write that statement?

9 A. Yes.

10:31:39 10 Q. And is it accurate?

11 MR. GULAY: Objection. What time  
12 period are we talking about?

13 Q. Was it accurate when you wrote it?

14 A. No, it was intentionally inaccurate for  
10:31:59 15 the purposes of simplification.

16 Q. Okay. How was it intentionally  
17 inaccurate?

18 A. The Ripple network -- the Ripple  
19 protocol predated the creation of the -- of Ripple  
10:32:13 20 Labs, Inc. as an entity. And so Ripple Labs, Inc.  
21 could not have been the creator of Ripple; but for  
22 the purposes of an entry-level primer, we  
23 thought -- we knowingly thought the simp -- we --  
24 we knowingly wrote this inaccurately thinking that  
10:32:31 25 the simplification was beneficial and that the



10:32:34 1 actual explanation was needlessly confusing for  
2 someone looking for an entry-level primer.

3 Q. Okay. And -- and is it the case that  
4 the predecessor company is OpenCoin?

10:32:46 5 A. No. My understanding is that the Ripple  
6 protocol predates OpenCoin and Ripple Labs, Inc.

7 Q. Okay. The next sentence says "We  
8 developed the protocol and its distributed payment  
9 network, and we now work to support and promote  
10:33:11 10 its growth."

11 Do you see that?

12 A. Yes.

13 Q. Okay. Was that sentence accurate when  
14 you wrote it?

10:33:22 15 A. It suffers from the same inaccuracy as  
16 the preceding sentence, which is that Ripple Labs,  
17 Inc. did not technically develop the protocol; but  
18 the second clause, Ripple Labs did work to support  
19 and promote the growth of the network. That was  
10:33:37 20 accurate.

21 Q. So the "we" in that sentence refers to  
22 Ripple Labs, Inc. or to something else?

23 A. Ripple Labs, Inc.

24 MR. GULAY: Objection.

10:33:46 25 Q. Who developed the protocol?

10:34:02 1 A. It's not a straightforward question to  
2 answer. My understanding is that there was a --  
3 an early predecessor that I believe was called  
4 Ripple Pay developed by someone who I believe was  
10:34:15 5 called [REDACTED] And his work was further  
6 developed by Jeb McCaleb, Arthur Britto, and David  
7 Schwartz, who were the primary architects of the  
8 consensus -- the method by which the network, the  
9 network of computers, reaches consensus about the  
10:34:40 10 state of the ledger. And my understanding is that  
11 those three people -- Jed McCaleb, Arthur Britto,  
12 David Schwartz -- expanded upon the work of [REDACTED]  
13 [REDACTED] to improve upon his previous work and  
14 develop what became the Ripple protocol.

10:35:09 15 Q. So the "we" in the sentence that we're  
16 looking at, does the "we" include Chris -- Chris  
17 Larsen?

18 MS. BUNTING: Objection.

19 A. The "we" refers to the Ripple Labs team  
10:35:23 20 and Chris Larsen was a member of that team, so,  
21 yes.

22 Q. But your testimony is that the first  
23 part of the sentence is -- in inaccurate?

24 MR. GULAY: Objection.

10:35:57 25 A. I think the phrase "we developed the

10:35:59 1 protocol," meaning Ripple Labs developed the  
2 protocol, can be interpreted a number of ways, but  
3 it does not -- it is not accurate that Ripple  
4 Labs, Inc. or OpenCoin Inc. created the Ripple  
10:36:14 5 protocol as I know it.

6 Q. Okay. And you said earlier about both  
7 the first sentence on this page and then the first  
8 part of the second sentence, that I think you said  
9 that we knowingly made it inaccurate for  
10:36:24 10 simplicity or something to that effect. Do I have  
11 that right?

12 MR. GULAY: Objection.

13 A. I remember writing this sentence and  
14 acknowledging to myself that Ripple Labs is the  
10:36:39 15 creator of Ripple is not technically correct, but  
16 I thought at the time that it was needlessly  
17 confusing to provide the entire history that I  
18 just described for the purpose of this primer.

19 Q. Okay. And did you discuss that issue  
10:36:51 20 with -- with Mr. Griffin?

21 MR. GULAY: Objection.

22 A. I don't recall whether we did or did not  
23 discuss it.

24 Q. Did you discuss it with Mr. Larsen?

10:37:03 25 MS. BUNTING: Objection.

10:37:07 1 A. I would not have -- I don't recall, but,  
2 in general, I would not have discussed semantics  
3 like that on a document with Chris Larsen.

4 Q. Okay. Looking at the second paragraph,  
10:37:16 5 still on page 17, it reads "Ripple Labs hopes to  
6 make money from XRP if the world finds the Ripple  
7 network useful and broadly adopts the protocol."

8 Do you see that?

9 A. Yes.

10:37:28 10 Q. And did you write that sentence?

11 A. Yes.

12 Q. Okay. Was that sentence accurate when  
13 you wrote it?

14 A. Yes.

10:37:39 15 Q. Did it continue to be accurate during  
16 your time at Ripple?

17 A. Yes.

18 Q. And as you use it in this sentence, what  
19 is the "Ripple network"?

10:37:59 20 A. It's synonymous with the Ripple  
21 Consensus Ledger or the Ripple transaction  
22 protocol that was used in this paper.

23 Q. And -- and the word "protocol" in this  
24 sentence, what -- what does that mean?

10:38:13 25 A. The software. This goes back to the

10:38:18 1 nuance I was referring to earlier, that I think  
2 the protocol is the software and the network is a  
3 group of computers choosing to use the software.

4 Q. Okay. Then moving on to the -- to the  
10:38:32 5 next paragraph, "100 billion XRP was created with  
6 the Ripple protocol," was that sentence accurate  
7 when you wrote it?

8 A. Yes.

9 Q. Okay. And then "Ripple Labs plans to  
10:38:48 10 gift 55 billion XRP to charitable organizations,  
11 users, and strategic partners in the ecosystem  
12 over time."

13 Was that sentence accurate when you  
14 wrote it?

10:38:56 15 A. Yes.

16 Q. Okay. And what does "strategic partners  
17 in the ecosystem" refer to?

18 A. If a prominent financial institution  
19 were to decide to adopt the Ripple protocol for  
10:39:22 20 payments, for example, we were prepared to provide  
21 that org -- that financial institution with XRP to  
22 help them achieve that goal of -- of implementing  
23 the protocol in their business.

24 Q. And when you say "implementing the  
10:39:48 25 protocol in their business," what do you mean?

10:39:53 1 A. It could mean a variety of things  
2 because the protocol is broadly applicable to a  
3 number of different types of financial businesses.  
4 But as an example, a bank using Ripple for  
10:40:04 5 cross-border payments.

6 Q. The next sentence says "The company will  
7 retain a portion with the hope of creating a  
8 robust and liquid marketplace in order to monetize  
9 its only asset sometime in the future."

10:40:21 10 Do you see that?

11 A. Yes.

12 Q. Was this sentence accurate when you  
13 wrote it?

14 A. Yes.

10:40:25 15 Q. And did it continue to be accurate  
16 during your time at Ripple?

17 A. Yes.

18 Q. Okay. And -- and when -- when you say  
19 in this sentence "its only asset," what are you  
10:40:42 20 referring to?

21 A. Looking back, I think that's a little  
22 inarticulate because from an accounting  
23 perspective, the company had other assets, like  
24 desks and chairs and whatnot. But at the  
10:41:03 25 inception of the company, I think there was a

10:41:05 1 vision that this technology was interesting and  
2 had potential to be adopted. And if the  
3 technology was adopted broadly, there may be an  
4 increase in the price of XRP, which would benefit  
10:41:17 5 the company as a holder of XRP, but there was also  
6 an acknowledgment that the technology may be  
7 broadly adopted and that thesis may not be  
8 correct; that -- that that asset may or may not  
9 appreciate in value. And so this sentence I think  
10:41:33 10 was deliberately worded saying -- using the word  
11 "hope" in multiple places in this -- in this page.

12 Q. So when you say in this sentence  
13 "monetize its only asset," you're referring to  
14 XRP?

10:41:46 15 A. That's correct.

16 Q. And moving on to the next page, page 18,  
17 Bates numbered 7842 on the bottom, the very last  
18 sentence says "The Ripple ecosystem needs  
19 gateways," mark -- "market makers, developers, and  
10:42:10 20 merchants to fulfill its potential."

21 Do you see that?

22 A. Yes.

23 Q. And was that sentence accurate when you  
24 wrote it?

10:42:24 25 A. That was my view at the time. Whether

10:42:25 1 or not it's true I think is debatable.

2 Q. Okay. What was your view based on at  
3 the time?

4 A. Knowledge of the technology and a lot of  
10:42:39 5 hours of thought about the applicability of the  
6 technology in the marketplace.

7 Q. And why is it debatable whether or not  
8 it's true?

9 A. Well, for example, it references  
10:42:51 10 merchants and it is possible for the Ripple net --  
11 ecosystem to fulfill its potential without  
12 merchants. It's unclear what its potential was.  
13 This was an early stage company and, like many  
14 early stage companies, there's a lot of  
10:43:07 15 trajectories it could have taken.

16 Q. Okay. Were you seeking out merchants at  
17 this time for the Ripple ecosystem?

18 A. Yes.

19 Q. What kinds of merchants?

10:43:26 20 A. Merchants involved in the payments flow  
21 of transactions. So, for example, businesses,  
22 infrastructure, and providers of services around  
23 card terminals when you buy something. Like if  
24 you buy a Starbucks coffee using a card, that's  
10:43:45 25 a -- a merchant and infrastructure surrounding the



10:43:47 1 merchant.

2 Q. Okay. And what's the reference to  
3 "gateways" in this sentence?

4 A. Gateways is defined earlier in the  
10:43:57 5 document, but the simplified version is on-ramp or  
6 off-ramp for currencies other than XRP to the  
7 Ripple network.

8 Q. I think you mentioned that -- that  
9 Mr. [REDACTED] who's on the cover e-mail of this  
10:44:25 10 exhibit, was a seed investor in Ripple, is that  
11 right?

12 A. That's my recollection.

13 Q. Okay. Do you know if he also owned XRP?

14 MR. GULAY: Objection.

10:44:42 15 A. I don't know whether he did or did not,  
16 but his e-mail implies he does.

17 Q. And when you say your -- his e-mail  
18 observed that he does, what do you mean by that?

19 MR. HORTON: Objection. You  
10:44:59 20 mis -- you misquoted his testimony, but...

21 Q. Okay. Well -- well, can you see  
22 something in his e-mail that suggests that he  
23 owned XRP?

24 A. When I read his e-mail at the bottom of  
10:45:20 25 this page, 22 --

10:45:24 1 Q. Okay.

2 A. -- my takeaway is that he likely owned  
3 XRP.

4 Q. And is that because he says "when my  
10:45:31 5 ripples makes me so rich that I can cover myself  
6 in gold plating"?

7 A. Yes.

8 Q. Okay. Did you have an understanding at  
9 this time in 2013 that certain individuals or  
10:45:42 10 firms bought XRP for speculative reasons?

11 MS. BUNTING: Objection.

12 MR. HORTON: Objection to form.

13 A. I do believe that people speculated on  
14 the price of XRP.

10:45:59 15 Q. Did Mr. [REDACTED] speculate on the price of  
16 XRP?

17 MR. HORTON: Objection to form.

18 A. I don't know anything about Mr. [REDACTED]  
19 speculations other than this e-mail.

10:46:10 20 Q. And who is Mr. [REDACTED]?

21 A. He was a high-ranking executive at [REDACTED]  
22 [REDACTED] newspaper.

23 Q. And you said he was a friend of  
24 Mr. Larsen?

10:46:24 25 A. That's my understanding.

10:46:33 1 Q. Did Ripple seek out investors who were  
2 looking to buy XRP for speculative reasons?

3 MR. GULAY: Objection to form.

4 A. I'm not aware of what all employees did  
10:46:41 5 at the company. I did not actively seek out  
6 investors.

7 Q. Do you know of any Ripple employees who  
8 did actively seek out investors who were looking  
9 to speculate on XRP?

10:46:53 10 A. I'm not aware of that.

11 MR. GULAY: Objection.

12 MS. STEWART: Nicole, we're on  
13 PR-10 now.

14 (Whereupon, exhibit is presented  
10:47:11 15 and marked SEC Rapoport Exhibit PR-10 for  
16 identification.)

17 MS. STEWART: Okay. PR-10 for  
18 the record is Bates numbered RPLI\_SEC  
19 0843205 through 213.

10:47:34 20 BY MS. STEWART:

21 Q. And, once again, if you can take a  
22 moment to look at this document and let me know  
23 when you're done.

24 (Pause)

10:53:25 25 A. Okay. I've reviewed this.

10:53:27 1 Q. Okay. So focusing on the cover e-mail  
2 of PR-10, what is this document?

3 A. What is the cover e-mail?

4 Q. Yeah.

10:53:39 5 A. This appears to be my sending this  
6 document to [REDACTED] and [REDACTED].

7 Q. Okay. Who is [REDACTED]?

8 A. [REDACTED] is an attorney for [REDACTED]  
9 [REDACTED]

10:53:56 10 Q. And who is [REDACTED]?

11 A. [REDACTED] is -- was someone who had  
12 a -- who I was speaking with about potentially  
13 providing market-making services on the Ripple  
14 network.

10:54:10 15 THE REPORTER: "On the..."?

16 A. On the Ripple network.

17 Q. And [REDACTED] is at the firm [REDACTED]  
18 [REDACTED]?

19 A. My discussions at this time were  
10:54:23 20 independent of [REDACTED]; but, yes, he's the  
21 founder and CEO of [REDACTED].

22 Q. And what do you mean they're  
23 independent -- they "were independent of [REDACTED]  
24 [REDACTED]"?

10:54:32 25 A. His investigation of potentially

10:54:33 1 providing market-making services on the Ripple  
2 network was independent of [REDACTED] as an  
3 entity and was conducted under a separate entity  
4 unrelated to [REDACTED].

10:54:53 5 Q. Okay.

6 A. Unaffiliated.

7 Q. Okay. And what was the result of those  
8 discussions with Mr. [REDACTED]?

9 A. He ultimately started a -- a new  
10:55:03 10 unaffiliated entity and -- which that entity  
11 became a market maker on the Ripple network.

12 Q. And which -- what's the entity?

13 A. Its d/b/a name was [REDACTED]. I  
14 don't recall the LLC name.

10:55:25 15 Q. And when did [REDACTED] become a  
16 market maker on the Ripple network?

17 A. I don't recall the date without  
18 researching it.

19 Q. Was it shortly after this e-mail  
10:55:36 20 exchange that we're looking at, PR-10?

21 A. I'm sorry, I don't recall how long  
22 after -- after this e-mail.

23 Q. Okay. And for how long did [REDACTED]  
24 [REDACTED] provide market-making services on the Ripple  
10:55:48 25 network?

10:55:54 1 A. I'm not sure of the answer to that.

2 Q. And on what trades did [REDACTED] act  
3 as a market maker on the Ripple network?

4 MR. GULAY: Objection.

10:56:11 5 A. Could you clarify what you're asking so  
6 I can answer correctly?

7 Q. On what trading pairs? I'll -- I'll  
8 reask my question.

9 Did [REDACTED] act as a market maker  
10:56:21 10 on trading pairs that included XRP?

11 MR. GULAY: Objection.

12 A. I don't recall the specifics of [REDACTED]  
13 [REDACTED] but, generally speaking, the agreements  
14 were very similar across market makers and  
10:56:37 15 required each market maker to quote XRP pair --  
16 pairs against XRP, as well as other pairs, like  
17 bitcoin dollar and gold dollar, and gave Ripple  
18 the right to grow the list of required pairs over  
19 time if I recall correctly.

10:56:56 20 Q. And were the market makers compensated  
21 for quoting pairs that did not include XRP?

22 MR. GULAY: Objection.

23 A. Yes.

24 Q. Were they compensated the same amount as  
10:57:11 25 they were for quoting pairs that did include XRP?

10:57:14 1 A. They were compensated --

2 MR. GULAY: Objection. Sorry.

3 Objection. And can you just clarify which  
4 market makers we're talking about?

10:57:19 5 MS. STEWART: Well, I think his  
6 last answer was generally about mark --  
7 market makers during his time at Ripple so  
8 I'm -- that's what I'm asking about.

9 A. I don't recall the specifics of any  
10:57:27 10 particular market-making agreement, but, in  
11 general, they were similar. And, in general,  
12 they -- the compensation was an exchange for  
13 fulfilling the agreement in its totality, not for  
14 specific parts of the agreement.

10:57:44 15 Q. Is it fair to say that the focus of the  
16 agreement was on trading pairs that included XRP?

17 MR. HORTON: Objection to form.

18 MS. BUNTING: Objection.

19 A. I would disagree with that.

10:57:56 20 Q. And why would you disagree with that?

21 A. Because I don't believe the focus was on  
22 pairs that included XRP.

23 Q. Was there a focus?

24 MR. HORTON: Objection to form.

10:58:06 25 MR. GULAY: Objection.

10:58:07 1 MS. BUNTING: Objection.

2 A. No.

3 Q. So going back to PR-10 and looking at  
4 the very bottom e-mail, which starts at the bottom  
10:58:21 5 of the first page and runs to the second page,  
6 which appears to be an e-mail from you to  
7 Mr. [REDACTED], do you see that?

8 A. Yes.

9 Q. And you -- you say to Mr. [REDACTED], "As I  
10:58:34 10 mentioned, government guidance has been sparse,  
11 but here are two bitcoin-centric things that were  
12 issued earlier this year."

13 Do you see that?

14 A. Yes.

10:58:44 15 Q. So this -- this suggests that you had an  
16 earlier conversation with Mr. [REDACTED], is that  
17 right?

18 A. I recall having a number of phone calls  
19 with him and this e-mail implies that we had a  
10:59:00 20 phone call prior to this e-mail, yes.

21 Q. Okay. And what did you discuss with  
22 Mr. [REDACTED] on the -- on the subject of government  
23 guidance being sparse?

24 A. I don't recall the specifics of our  
10:59:13 25 conversations from 2013 apart from the fact that I



10:59:16 1 was providing a general overview of Ripple.

2 Q. You say in the next sentence "We  
3 emphasize that Ripple is different from bitcoin in  
4 many ways."

10:59:28 5 Do you see that?

6 A. Yes.

7 Q. Okay. What did you mean by that?

8 MR. GULAY: I just want to pause  
9 here and ask Mr. Rapoport to answer  
10:59:32 10 without revealing the substance of any  
11 privileged communications he may have had  
12 with Perkins Coie or other counsel.

13 BY MS. STEWART:

14 Q. And I would add to that the extent you  
10:59:44 15 had passed on whatever communications you would --  
16 you had had to third parties, like Mr. [REDACTED],  
17 then I think your counsel would agree that you can  
18 testify about those.

19 MR. GULAY: Well, no, I don't  
10:59:52 20 agree with that. I think to the extent  
21 your understanding of this language here,  
22 that Ripple is different from bitcoin in  
23 many ways, is derived from your  
24 communications with counsel, then I would  
11:00:03 25 instruct you not to testify.

11:00:06 1 BY MS. STEWART:

2 Q. Can you testify without revealing  
3 communications with counsel?

4 A. Yes.

11:00:09 5 Q. Okay.

6 A. Can you repeat your question again?

7 Q. I want to know what you meant when you  
8 wrote "I'd reemphasize that Ripple is different  
9 from bitcoin in many ways."

11:00:43 10 A. I don't recall the specifics of this  
11 conversation, but given the context of the e-mail,  
12 I believe that this is referring to the fact that  
13 bitcoin and XRP share similarities in being a  
14 math-based digital asset; but the Ripple network  
11:01:00 15 also includes IOUs or balances of iss -- of  
16 issuers, which is unique to Ripple and not shared  
17 by bitcoin, as well as a decentralized exchange  
18 which bitcoin doesn't -- doesn't contain.

19 MR. TENREIRO: Before we move on,

11:01:18 20 I just want to create a record on this  
21 because we're having this and we continue  
22 to have this. You're instructing him not  
23 to answer what counsel told him even if he  
24 disclosed that to a third party?

11:01:28 25 MR. GULAY: No. We're talking

11:01:29 1 about the language in the e-mail here and  
2 I think the question was what Mr. Rapoport  
3 understood when he wrote that language.  
4 And I'm -- I'm instructing him not to  
11:01:39 5 testify to the extent that his  
6 understanding of this language here  
7 derives from his communications with  
8 counsel.

9 MR. TENREIRO: But if he conveyed  
11:01:46 10 his understanding of that language to a  
11 third party, he can then testify to it,  
12 right? Because he's disclosed it.

13 MR. GULAY: Well, no, I mean,  
14 obviously he -- you know, he conveyed this  
11:01:54 15 white paper to third parties, and you  
16 know, the -- the white paper has been  
17 produced and is not privileged. But,  
18 like, to give you an example, to the  
19 extent he had discussions with counsel  
11:02:05 20 about this white paper and the preparation  
21 of the white paper, we would assert  
22 privilege over that.

23 MR. TENREIRO: Absolutely. But  
24 if he disclosed the conversations with  
11:02:13 25 counsel in conversations about the white

11:02:14 1 paper with the third party that's copied  
2 in the e-mail, that's not privileged.

3 MR. GULAY: I just don't under --  
4 I don't understand what that means,  
11:02:19 5 though. Like, what's the scope of, you  
6 know, the extent of, like, disclosing  
7 conversations with counsel? I don't  
8 understand.

9 MR. TENREIRO: The guy might have  
11:02:27 10 asked him What did you mean by, you know,  
11 bitcoin is different from XRP? And he  
12 might have answered.

13 MR. GULAY: We're going to  
14 instruct him not to answer.

11:02:34 15 MR. TENREIRO: You're going to  
16 instruct him not to answer. Okay. We're  
17 going to reserve our rights.

18 MR. GULAY: That's fine.

19 MR. TENREIRO: Okay. Go on. And  
11:02:43 20 also -- I just want to also point out for  
21 the record that there has been a limited  
22 waiver on the Perkins Coie memos  
23 themselves, so, you know, we should also  
24 keep that in mind. But we obviously don't  
11:02:54 25 agree with you that if he answered a third

11:02:55 1 party's question, What did you mean by  
2 bitcoin is different than XRP? that that  
3 conversation cannot be repeated here  
4 because it's obviously not privileged.

11:03:02 5 But I -- I have your position. We  
6 disagree.

7 MS. ZORNBERG: I'll just add  
8 that, you know, we can take it on a  
9 case-by-case basis. If you actually lay a  
11:03:12 10 proper foundation for there being some  
11 discussion between a third party, we're  
12 happy to revisit it in the context of a  
13 foundation being laid as to a particular  
14 conversation. I do think it needs to be  
11:03:23 15 done on a case-by-case basis.

16 MR. TENREIRO: That's fair.

17 MS. ZORNBERG: In any event, the  
18 witness said that he could answer the  
19 question without revealing legal advice  
11:03:28 20 that Ms. Stewart put to him and he did.  
21 So I don't think there's an issue for this  
22 particular instance.

23 MR. TENREIRO: Okay.

24 BY MS. STEWART:

11:03:36 25 Q. Mr. Rapoport, was your statement here

11:03:39 1 that Ripple is different from bitcoin in many ways  
2 related to the -- to the issue of government  
3 guidance that you seem to be referring to in this  
4 paragraph?

11:03:50 5 MR. GULAY: Same instruction  
6 about your discussions with counsel.

7 A. I don't recall my intent and whether or  
8 not there's a link between those sentences.

9 Q. Okay. I understand your testimony that  
11:04:11 10 the technologies of bitcoin and -- and XRP are  
11 different; but my question is, did you have an  
12 understanding at this time, in 2013, that  
13 regulatory guidance was different as to bitcoin  
14 and XRP?

11:04:27 15 MS. BUNTING: Objection.

16 MR. GULAY: Same instruction  
17 about discussions with counsel.

18 A. That's a very broad question. Because  
19 Ripple as a technology includes balances issued by  
11:05:00 20 an issuer, as well as a decentralized exchange, my  
21 understanding was and is that there are inherently  
22 additional considerations as a result of those  
23 things from a regulatory perspective that don't  
24 apply to bitcoin.

11:05:19 25 Q. And what are those additional

11:05:20 1 considerations?

2 MR. GULAY: Objection; foundation  
3 and same instruction about discussions  
4 with counsel.

11:05:29 5 A. I'm not a lawyer to really express that,  
6 to answer that in a -- in a coherent way I think.

7 Q. Well, but you -- you say that you have  
8 an understanding that there are differences.

9 So do you have any general sense of what  
11:05:47 10 the differences are?

11 A. Well --

12 MS. BUNTING: Objection.

13 A. I generally understand that exchanges,  
14 for example, have -- may have regulatory framework  
11:05:58 15 applied to them. And if one technology has a  
16 built-in exchange and one doesn't, there may -- I  
17 understood that there may be other considerations  
18 that would apply. But the specifics of those  
19 considerations, I -- I don't profess to  
11:06:12 20 understand.

21 Q. Okay. At the end of your -- your e-mail  
22 to Mr. [REDACTED], you say "Also, in case it's of  
23 interest to you, this law firm has established  
24 itself as the early expert in these technologies."

11:06:29 25 And you send a link to the Perkins Coie website.

11:06:33 1 Do you see that?

2 A. Yes.

3 Q. Okay. And why did you send this link to  
4 Mr. [REDACTED]?

11:06:49 5 A. Back in 2013 there was a limited number  
6 of law firms with domain expertise in the digital  
7 asset space. And I think many people would find  
8 it pretty daunting to get a friend -- you know, a  
9 law firm without domain expertise in that area up  
11:07:09 10 to speed to provide legal advice.

11 And so I found it -- I think people  
12 found it helpful to be informed about which law  
13 firms already had clients in the space and  
14 familiarity with the space.

11:07:21 15 Q. So are you suggesting to Mr. [REDACTED]  
16 that -- that his client, Mr. [REDACTED], engage  
17 Perkins Coie?

18 MR. HECKER: Objection.

19 MR. GULAY: Objection.

11:07:31 20 A. I wasn't making any kind of  
21 recommendation or suggestion.

22 Q. Okay. So, again, I'm not sure I  
23 understand what the purpose is of -- of sending  
24 Mr. [REDACTED] the Perkins Coie website link.

11:07:46 25 MS. BUNTING: Objection.



11:07:46 1 MR. HORTON: Objection to form.

2 MS. BUNTING: What's the  
3 question?

4 BY MS. STEWART:

11:07:55 5 Q. I want to know why you sent to  
6 Mr. [REDACTED] this link to the Perkins Coie website.

7 MR. HORTON: Objection; asked and  
8 answered.

9 MR. GULAY: Objection. He  
11:08:04 10 answered that question.

11 A. I believe I answered that question,  
12 which is that I believed it helpful for someone  
13 new to the space that would likely be seeking  
14 legal representation about the space to be aware  
11:08:23 15 of law firms that already had domain expertise in  
16 the space.

17 Q. At the time you sent this e-mail, was  
18 Perkins Coie counsel for Ripple?

19 A. I was not aware of which law firms were  
11:08:45 20 officially engaged and not engaged by Ripple and  
21 at what times. I was aware of this memo and other  
22 similar memos, but that was the extent of my  
23 knowledge of Ripple's dealings with Perkins Coie.

24 Q. So -- so fair to say at this time in  
11:09:00 25 2013, you understood that Perkins Coie at some

11:09:02 1 point had been counsel to Ripple?

2 MR. HORTON: Objection to form.

3 A. It's -- let me actually correct that  
4 because I did have phone calls at times with  
11:09:14 5 legal -- with Ripple's outside counsel, but the  
6 specifics of which counsel and what time are  
7 difficult for me to remember given how much time  
8 has passed.

9 Q. Okay. But at the time of -- of this  
11:09:27 10 e-mail exchange in PR-10, did you have an  
11 understanding that PR Coie -- that -- that Perkins  
12 Coie had acted as counsel to Ripple at some point  
13 in the past?

14 MR. HORTON: Objection to form.

11:09:37 15 A. Based on this memo, my -- it's a  
16 reasonable assumption that -- that that Perkins  
17 Coie was engaged by Ripple, and so that would have  
18 been my assumption today and at the time.

19 Q. Okay. And -- and I take it that's  
11:09:48 20 because the -- the -- the memo says "Perkins Coie"  
21 on top?

22 MR. GULAY: Objection.

23 A. Correct, though this is an unusual  
24 document that says who can I contact for questions  
11:10:06 25 and includes both Patrick Griffin of Ripple Labs

11:10:08 1 and [REDACTED] of Perkins Coie, which isn't  
2 typical of a legal memo.

3 Q. Okay. And why were you sending this  
4 document entitled "White Paper" to Mr. [REDACTED]?

11:10:28 5 A. I don't recall what my thought process  
6 was back in 2013, but I believe that at a minimum,  
7 this document would help familiarize someone new  
8 to this space with what some of the key questions  
9 may be as they begin an investigation into the  
11:10:44 10 space.

11 Q. Did Ripple at any point sell XRP to  
12 [REDACTED]?

13 A. I don't believe so, but my recollection  
14 is too fuzzy to say that definitively.

11:11:18 15 Q. Did Ripple at any point sell XRP to  
16 Mr. [REDACTED] or any other company affiliated with  
17 him?

18 MS. BUNTING: Objection.

19 MR. HORTON: Objection.

11:11:33 20 MR. GULAY: Objection. Just to  
21 clarify, what time period are you talking  
22 about?

23 MS. STEWART: At any point during  
24 Mr. Rapoport's tenure.

11:11:40 25 MR. GULAY: Okay.

11:11:41 1 A. Same answer, which is I don't believe  
2 so, but my recollection is too hazy to say  
3 definitively no.

4 MR. TENREIRO: They're not  
11:12:13 5 collated correctly.

6 MS. STEWART: Nicole, the -- the  
7 next exhibit is PG-5 -- 6, sorry. PG-6.  
8 That should be in a separate folder,  
9 Nicole.

10:47:11 10 BY MS. STEWART:

11 Q. Okay. So for the record, I've handed  
12 you a document that was previously marked as PG-6,  
13 and it's Bates numbered RPLI\_SEC 0337666 through  
14 673.

11:14:50 15 (Pause)

16 A. Okay. I've reviewed this.

17 Q. Okay. What is this document?

18 A. I don't recall this document  
19 independently, but based on the cover e-mail, it  
11:15:10 20 appears to be a document that Patrick put together  
21 to share with [REDACTED].

22 Q. Who is [REDACTED]?

23 A. She's a [REDACTED] professor and [REDACTED]  
24 [REDACTED] at [REDACTED] who was an advisor to  
11:15:27 25 Ripple at various points in time.

11:15:29 1 Q. Was she an advisor to Ripple in 2013?

2 A. I'm not sure of her official status, but  
3 she certainly provided informal advice to us on a  
4 number of occasions.

11:15:43 5 Q. Okay. And from -- from Mr. Griffin's  
6 cover e-mail to you, it -- it -- it -- it seems  
7 that he intends to send this document to  
8 Ms. [REDACTED].

9 Is that -- is that your understanding?

11:15:58 10 A. That's my understanding, yes.

11 Q. Okay. And what was the purpose of this  
12 document that's attached to Mr. Griffin's e-mail  
13 to you?

14 MR. GULAY: Objection;

11:16:05 15 foundation.

16 A. I don't recall the document, but from  
17 reading it, it appears that it's a document aimed  
18 at discussing distribution of XRP with [REDACTED].

19 Q. Do you remember discussing that issue  
11:16:29 20 with Ms. [REDACTED]?

21 A. I have a general recollection of  
22 discussing that issue with her, yes.

23 Q. What's your recollection?

24 A. That we viewed her to be a very  
11:16:40 25 intelligent thinker about systems and markets and

11:16:45 1 that we viewed her advice on those topics as very  
2 valuable.

3 Q. And was this part of your and  
4 Mr. Griffin's efforts to develop a distribution  
11:17:00 5 strategy --

6 MS. BUNTING: Objection.

7 Q. -- for XRP?

8 A. We were interested in thinking about the  
9 most effective ways to get XRP into the world and  
11:17:19 10 distribute it.

11 Q. Okay. Was -- is it fair to say that  
12 that was a distribution strategy?

13 MR. GULAY: Objection.

14 A. I think an overall strategy was  
11:18:01 15 discussed at times that specific tactics were not  
16 well defined and the company continued to  
17 experiment for most all of my time there.

18 Q. Okay. Is it fair to say that you were  
19 developing a distribution framework for XRP as --  
11:18:23 20 as seems to be the title of this document?

21 MR. GULAY: Objection.

22 A. This was a discussion document from what  
23 I can tell. And, yes, it appears to discuss a --  
24 a framework around how the company could  
11:18:44 25 distribute its XRP.

11:18:46 1 Q. Okay. Did you provide comments to  
2 Mr. Griffin in this document?

3 A. I don't recall whether I provided  
4 comments on this document. It's certainly a topic  
11:18:57 5 we discussed at times.

6 Q. Okay. Do you remember discussing  
7 this -- this deck, a draft of which is attached in  
8 PG-6, with Mr. Griffin?

9 A. I don't remember this e-mail or this  
11:19:10 10 deck given the amount of time that's passed.

11 Q. Okay.

12 MS. STEWART: Can we look at  
13 PR-16 next?

14 (Whereupon, exhibit is presented  
11:19:29 15 and marked SEC Rapoport Exhibit PR-16 for  
16 identification.)

17 MS. STEWART: PR-16 is Bates  
18 numbered RPLI\_SEC 0012358.

19 (Pause)

11:20:08 20 A. Okay. I've reviewed this.

21 Q. Okay. Does this document refresh your  
22 recollection that you provided comments to  
23 Mr. Griffin on the deck that we were just looking  
24 at?

11:20:16 25 A. I see the responses and they're clearly

11:20:17 1 from me, but I don't have a specific recollection  
2 of -- of this e-mail.

3 Q. Okay. Looking at the top e-mail from  
4 you to Mr. Griffin dated 11/30/2013 and looking  
11:20:30 5 at, I guess the fourth bullet point, you say "We'd  
6 prefer to attract speculators who take a long-term  
7 view and believe XRP demand will overwhelm supply  
8 as commercial use of the network increases."

9 Do you see that?

11:20:44 10 A. Yes.

11 Q. What did you mean by this sentence?

12 A. I was aware of the fact that some people  
13 were speculating on the price of XRP. And given  
14 the choice, I would have preferred people who took  
11:21:20 15 a long-term view on that.

16 Q. Okay. So let's unpack that a little.

17 How were you aware that some people were  
18 speculating on XRP?

19 A. Despite our efforts to focus  
11:21:43 20 conversations on the protocol and not the digital  
21 asset, as some of the e-mails you've already shown  
22 indicate, at times people would e-mail us  
23 indicating that they're speculating on the price  
24 of XRP or speak to us or -- you know, along that  
11:22:06 25 topic.



11:22:07 1 Q. And why is it that you preferred  
2 speculators who took a long-term view?

3 A. Parsing this sentence, and I don't  
4 recall what my thought process was when I wrote  
11:22:39 5 this, but it appears that I'm referring to -- the  
6 second sentence here says "If you believe 500  
7 million people will eventually use Ripple, then  
8 there's far less concern of an XRP supply  
9 overhang." And that refers to a concern that was  
11:22:56 10 in the marketplace about -- not specific to  
11 Ripple, but that applied to Ripple, a concern  
12 about one holder holding a large amount of a  
13 digital asset.

14 And so I interpret this comment to be  
11:23:11 15 that you would not have that concern if you took a  
16 very long-term view of the protocol and what may  
17 become of the protocol. You would not be  
18 concerned about the supply overhang from one large  
19 holder -- in this case Ripple -- holding a digital  
11:23:26 20 asset.

21 Q. Okay.

22 MS. ZORNBERG: And Ripple there,  
23 you're talking about Ripple Labs?

24 THE WITNESS: I'm talking about  
11:23:32 25 Ripple Labs, excuse me.

11:23:34 1 BY MS. STEWART:

2 Q. Okay. The next bullet, you say "Good BD  
3 giveaways" will resul -- "will result in more  
4 demand than supply. The announcement of the  
11:23:43 5 giveaway/partnership should generate demand."

6 Do you see that?

7 A. Yes.

8 Q. Okay. What -- what did -- what does "BD  
9 giveaways" mean as you use it in the sentence?

11:23:56 10 A. "BD" refers to business development and  
11 "giveaway" refers to the business development team  
12 making a grant of XRP to somebody or some company.

13 Q. Okay. And when you say "The  
14 announcement of the giveaway/partnership should  
11:24:14 15 generate demand," are you referring to any  
16 particular announcement or to announcements of  
17 giveaways and partnerships in general?

18 A. That's a general comment.

19 MR. GULAY: Objection.

11:24:25 20 Q. Okay. So you -- you mentioned that you  
21 were aware from e-mails, like some of the ones  
22 we've looked at already, that certain people  
23 were -- were speculating on XRP.

24 Do you remember that?

11:24:49 25 A. Yes.

11:24:50 1 Q. Okay. Do you recall receiving e-mails  
2 or having conversations with -- with particular  
3 individuals or firms about them speculating on  
4 XRP?

11:24:59 5 MS. BUNTING: Objection.

6 A. I was generally aware -- I recall being  
7 generally aware of that fact, but I don't recall  
8 specific discussions, you know, from seven years  
9 ago about it.

11:25:13 10 Q. Do you recall discussions internally at  
11 Ripple about individuals or firms who were  
12 speculating on XRP?

13 A. I recall a specific desire to focus our  
14 discussions on the technology itself and away from  
11:25:27 15 speculation on an XRP.

16 Q. And why is that?

17 A. Because we viewed speculation on XRP to  
18 be a distraction from the core technology and the  
19 use of the core technology.

11:25:43 20 Q. But is it fair to say that speculation  
21 was also helpful in building liquidity for XRP?

22 MR. HORTON: Objection to form.

23 MS. BUNTING: Objection.

24 A. Building liquidity means getting more  
11:25:59 25 volume. So anything that gets more volume is

11:26:01 1 helpful to building liquidity. And so speculator  
2 trading creates volume, so, yes.

3 Q. Okay.

4 MS. STEWART: Let's look at a  
11:26:15 5 document we've previously marked as PG-5.

6 Nicole, that's also in a  
7 separate folder.

8 And for the record, PG-5 is  
9 Bates numbered RPLI\_SEC 0012359 through  
11:26:35 10 12368.

11 (Pause)

12 A. Okay. I've reviewed it.

13 Q. Okay. Is it fair to say that the  
14 attachment to PG-5 reflects some of the comments  
11:28:02 15 you gave Mr. Griffin in the last exhibit we looked  
16 at?

17 A. I see some of the same language  
18 included, yes.

19 Q. Okay. So do you recall a conversation  
11:28:15 20 with Ms. Athey after Mr. Griffin sent her this  
21 deck in PG-5?

22 A. I don't -- I -- I generally remember  
23 speaking with Ms. [REDACTED] at various points in time,  
24 but I don't remember the specific discussion or  
11:28:32 25 anything about it.

11:28:32 1 Q. Okay. The cover e-mail in PG-5  
2 references "Thank you for your time here. We  
3 really value your input. As promised, here is a  
4 summary of the themes we touched on during our  
11:28:45 5 call on Wednesday."

6 Just to -- just to make sure, do you  
7 remember the call that's referenced here with  
8 Ms. [REDACTED]?

9 A. I don't.

11:28:53 10 Q. Okay. So looking at the -- at the deck,  
11 on page -- on the second page of the -- of the  
12 deck, which is Bates numbered on the bottom 12362,  
13 where the title is "Goal of Distribution," do you  
14 see that?

11:29:10 15 A. Yes.

16 Q. Okay. And there's two bullets under  
17 there. The first is "Network growth."

18 Do you see that?

19 A. Yes.

11:29:17 20 Q. And what does that mean?

21 A. This is such a sparse slide that I would  
22 be guessing as to the meaning of -- you know, the  
23 meaning that Patrick ascribed to this when he  
24 wrote it.

11:29:35 25 Q. Well, the -- the second bullet says

11:29:36 1 "Raise funds for Ripple Labs operation."

2 Do you see that?

3 A. Yes.

4 Q. Okay. What does that mean to you?

11:29:41 5 MR. GULAY: Objection;

6 foundation. And just to clarify, what  
7 does it mean to him sitting here today or  
8 what did it mean to him at the time?

9 BY MS. STEWART:

11:29:55 10 Q. Well, let's start with at the time that  
11 you reviewed and commented on it.

12 What -- what did this mean to you?

13 A. This was almost eight years ago and, you  
14 know, one month into my tenure at the company.

11:30:16 15 I -- I really don't remember any specifics about  
16 this interaction apart from what I'm looking at  
17 today that you just showed me.

18 Q. Okay. Do you recall at the time, in  
19 2013, having an understanding that one of the

11:30:25 20 goals of distributing XRP was to raise funds for  
21 the operations of Ripple Labs?

22 A. I was aware that the company received  
23 revenue from the sale of XRP, yes.

24 Q. Okay. But -- but -- but I guess my

11:30:40 25 question is a little bit different.

11:30:42 1 Did you have an understanding that one  
2 of the reasons that the company sold XRP was  
3 specifically to raise money to fund its  
4 operations?

11:30:51 5 MS. BUNTING: Objection.

6 A. I was aware that the company received  
7 venture funding and also that the company took in  
8 dollars from the sale of XRP. I did not have  
9 visibility or I do not recall having visibility  
11:31:14 10 into the financial health of the firm and whether  
11 this was required to fund operations or for other  
12 reasons.

13 Q. Okay. Did you have an understanding in  
14 2013 that one of the goals of distributing XRP was  
11:31:29 15 to grow the Ripple network?

16 A. Yes.

17 Q. Okay. And is it fair to say that the  
18 bullet here "Network growth" refers to growing the  
19 Ripple network?

11:31:46 20 A. I think that seems like a reasonable  
21 assumption, yes.

22 Q. Okay. Moving on to the next page, which  
23 is Bates numbered 363 at the end, and this refers  
24 to three phases of Ripple -- of Ripple's long --  
11:32:01 25 I'm sorry. Let me start again.

11:32:03 1 The title of this page is "Long-term  
2 Stages of Ripple."

3 Do you see that?

4 A. Yes.

11:32:07 5 Q. And three phases are referenced here?

6 A. Yes.

7 Q. Okay. Did you discuss these phases with  
8 Mr. Griffin?

9 A. I don't have any recollection of whether  
11:32:20 10 we discussed it, but this e-mail implies that I  
11 read this document and provided some feedback and  
12 that a discussion with Susan was had.

13 Q. Okay. Phase 1, it says here, is titled  
14 "Speculatively valuable."

11:32:36 15 Do you see that?

16 A. Yes.

17 Q. And it says "In this stage, XRP is new  
18 and few adopters. XRP is valuable among  
19 speculators."

11:32:44 20 Do you see that?

21 A. Yes.

22 Q. Okay. In 2013 what phase of these three  
23 phases was Ripple in?

24 MR. GULAY: Objection.

11:33:02 25 A. I don't know that I'd characterize these



11:33:03 1 three phases from a discussion document as a  
2 necessarily accurate depiction of the trajectory  
3 of anything.

4 Q. Okay. Well, let me ask you, looking at  
11:33:17 5 these three phases now, are these accurate? Are  
6 these accurate descriptions of the trajectory of  
7 the Ripple network?

8 MR. GULAY: Objection.

9 A. I would not describe -- use this  
11:33:40 10 framework to describe Ripple.

11 MR. GULAY: Just to clarify, are  
12 you referring to Ripple Labs or Ripple  
13 network?

14 A. I would not use this framework to  
11:33:50 15 describe anything.

16 Q. Okay. In this document, when it says  
17 "Long-term Stages of Ripple," what does "Ripple"  
18 mean?

19 MR. GULAY: Objection;  
11:34:00 20 foundation.

21 A. I believe it refers to the network, but  
22 it's a bit ambiguous.

23 Q. Okay. So your testimony is that you  
24 don't think what's -- the phases that are listed  
11:34:08 25 here is an accurate description of the Ripple

11:34:11 1 network?

2 A. I don't view this as a particularly good  
3 framework of anything.

4 Q. Okay. Do you agree that in 2013 XRP was  
11:34:24 5 new and had few adopters?

6 A. Yes.

7 MS. BUNTING: Objection.

8 Q. And do you agree that in 2013, XRP was  
9 valuable among speculators?

11:34:36 10 A. What does "valuable" mean in this  
11 context?

12 Q. Well, I'm -- I'm reading the words in  
13 the document that you and Mr. Griffin prepared.  
14 So in the context --

11:34:46 15 MR. HECKER: Objection.

16 MR. GULAY: Objection. Just to  
17 clarify his testimony, he said he did not  
18 prepare the presentation.

19 Q. Okay. But you reviewed and commented on  
11:34:53 20 the presentation, right?

21 MR. HORTON: Okay. Counsel, I  
22 also want to object. The document doesn't  
23 say that XRP is valuable among speculators  
24 in 2013.

11:34:59 25 MS. STEWART: Well, I'm -- the

11:35:00 1 question I'm trying to understand is I  
2 want to know at the time that -- that this  
3 document was prepared, what phase did  
4 Mr. Griffin and Mr. Rapoport believe that  
11:35:12 5 the company -- or that Ripple -- the  
6 Ripple network was in.

7 BY MS. STEWART:

8 Q. So you're saying that you don't agree  
9 with these phases. So I'm trying to ask the  
11:35:20 10 question in a slightly different way and ask you  
11 whether in 2013 XRP was valuable among  
12 speculators.

13 MR. GULAY: Objection; asked and  
14 answered.

11:35:29 15 MS. BUNTING: Objection.

16 MR. HORTON: Objection.

17 You can answer the question.

18 A. If we take a dictionary definition of  
19 valuable as something that -- I don't have a  
11:35:40 20 dictionary in front of me, but something that  
21 people will exchange money for, I think XRP had  
22 some value to some people and those people were  
23 primarily speculators or people who were -- sought  
24 to use the network for other purposes, that they  
11:35:55 25 would be required to purchase some XRP in order to

11:35:58 1 use the network. And that would be reasons that  
2 someone would ascribe a monetary value to a  
3 digital ledger entry.

4 Q. Okay. In 2013 were there people who  
11:36:08 5 used the Ripple network?

6 A. Yes.

7 Q. Okay. For what purposes?

8 MR. GULAY: Objection;  
9 foundation.

11:36:23 10 A. I'm not a -- I can't say definitively  
11 all the purposes, but certainly people used the  
12 Ripple network from a technologist experimenting  
13 perspective as well as for exchanging one asset  
14 for another type of asset. For example,  
11:36:38 15 exchanging bitcoins for dollars.

16 Q. Okay. Looking at the next page of this  
17 presentation, which is Bates numbered 364, where  
18 the header is "Goal of XRP Allocations," do you  
19 see that?

11:36:53 20 A. Yes.

21 Q. Okay. And do you see the first bullet  
22 that says "Biggest goal is existential"?

23 A. Yes.

24 Q. Okay. What does that mean?

11:37:01 25 MR. GULAY: Objection; vague.

11:37:09 1 A. I'm -- I'm not sure what that means to  
2 be honest.

3 Q. The second bullet that says "Reason for  
4 doing anything is to grow the network," do you see  
11:37:20 5 that?

6 A. Yes.

7 Q. What does that mean?

8 MR. GULAY: Objection.

9 A. I'm -- I'm not really sure what that  
11:37:42 10 means specifically. It's a very broad statement  
11 that seems poorly crafted.

12 Q. Do you recall when you initially  
13 reviewed this presentation asking Mr. Griffin  
14 what -- what these bullets meant?

11:37:57 15 A. This appears to be one or two months  
16 into my employment reporting to Mr. Griffin, and  
17 so the nature of my comments was a subordinate  
18 responding to, you know, the person they report  
19 to. So I wouldn't necessarily critique the -- you  
11:38:08 20 know, parse every single sentence in the way that  
21 I think you're suggesting.

22 Q. Okay. The next bullet, it says "Phase  
23 1: Striking partnerships for inorganic growth,"  
24 and underneath that it says "Distribution is for  
11:38:22 25 business development."

11:38:23 1 Do you see that?

2 A. Yes.

3 Q. Okay. What does that mean?

4 MR. GULAY: Objection.

11:38:35 5 A. It seems to generally refer to a  
6 strategy of distributing XRP to companies that aid  
7 in the business development of -- in the  
8 development of the Ripple network.

9 Q. And -- okay.

11:39:02 10 The -- the next bullet says "Any  
11 currency strategy should be geared to making Phase  
12 2, 3, more successful."

13 Do you see that?

14 A. I do.

11:39:10 15 Q. And what does that refer to?

16 MR. GULAY: Objection.

17 If you know.

18 A. I don't know. And, again, my -- my  
19 feedback on this was limited to the nature of  
11:39:21 20 feedback a subordinate would give to his new boss.  
21 So I didn't pick apart every single bullet even if  
22 I didn't fully understand what it meant after two  
23 months at the company or however many months in  
24 this was.

11:39:37 25 Q. Okay. Going on to two pages later,

11:39:41 1 12366 that says "Current Distributions" on top.

2 A. Yes.

3 Q. The first bullet says "There are ways to  
4 increase supply that create a bigger increase in  
11:39:53 5 demand." And under it it says "Good BD giveaways  
6 will result in more demand than supply. The  
7 announcement of the giveaway/partnership should  
8 generate demand."

9 Do you see that?

11:40:03 10 A. Yes.

11 Q. Is this the idea that you had given  
12 Mr. Griffin in the last exhibit that we looked at?

13 A. Yes, this looks like the same language  
14 from my e-mail.

11:40:10 15 Q. Okay. And then moving on to the next  
16 page, Bates numbered 2367, that's titled  
17 "Speculators."

18 Do you see that?

19 A. Yes.

11:40:23 20 Q. So do you see the first bullet, it says  
21 "We'd prefer to attract speculators" who -- "who  
22 take a long-term view and believe XRP demand will  
23 overwhelm supply as commercial use of the network  
24 increases"?

11:40:34 25 A. Yes.

11:40:36 1 Q. Is that also an idea that you had given  
2 Mr. Griffin in your comments?

3 A. Yes, it looks like the same language.

4 Q. Okay. And then you see the -- the third  
11:40:45 5 bullet, it says "If you are holding XRP, you  
6 should not want RL to retain XRP for business  
7 development."

8 Do you see that?

9 MR. HECKER: Objection.

11:40:56 10 MR. HORTON: Objection. Counsel,  
11 it doesn't say "you should not want."

12 MS. STEWART: Oh, I'm sorry.

13 Thank you. I'll -- I'll rephrase that.

14 BY MS. STEWART:

11:41:02 15 Q. It says "If you are holding XRP, you  
16 should want RL to retain XRP for business  
17 development."

18 Do you see that?

19 A. Yes.

11:41:08 20 Q. What does this sentence mean?

21 MR. GULAY: Objection.

22 If you know.

23 A. I'm not sure what Patrick meant by this  
24 sentence.

11:41:26 25 Q. What about the bullet under that says



11:41:27 1 "Give ourselves six months"? Do you know what  
2 that means?

3 A. I'm not sure what that refers to.

4 Q. What about the bullet under that that  
11:41:35 5 says "Speculators are speculating on Ripple Labs."  
6 Do you know what that means?

7 MR. HORTON: Objection to form.

8 A. I'm not sure what that's referring to.

9 Q. Is it fair to say that someone who buys  
11:41:49 10 XRP for speculative reasons is speculating that  
11 Ripple Labs will do better and therefore XRP will  
12 do better?

13 MS. BUNTING: Objection.

14 MR. GULAY: Objection to form.

11:42:06 15 A. I think somebody buying equity in Ripple  
16 Labs, Inc. would be betting that Ripple Labs will  
17 do better. I think someone buying XRP may or may  
18 not be betting that Ripple Labs will do better.

19 Q. Is it fair to say someone who is buying  
11:42:20 20 XRP for speculative reasons is looking to Ripple  
21 Labs to take steps to increase the price of XRP?

22 MR. HORTON: Objection to form.

23 MS. BUNTING: Objection.

24 A. No, I don't believe that's true.

11:42:41 25 Q. Okay. In your conversations with the

11:42:48 1 individuals and firms that you were looking for  
2 partnerships with, did you have discussions about  
3 what steps Ripple Labs would take in increasing  
4 XRP's liquidity?

11:43:01 5 MR. HORTON: Objection to form.

6 MS. BUNTING: Objection.

7 A. In a general sense, yes, we discussed  
8 the fact that people were aware of the fact that I  
9 was having discussions with other firms, similar  
11:43:28 10 discussions with other firms, trying to recruit  
11 and onboard them to provide liquidity.

12 Q. Okay. And is that something that was --  
13 was important to the individuals and firms that  
14 you were in discussions with?

11:43:40 15 MR. HORTON: Objection to form.

16 MS. BUNTING: Objection.

17 A. Liquidity overall was important to those  
18 firms and at times liquidity was appearing in  
19 other places, like Korea, for example, without my  
11:43:57 20 efforts or involvement, and -- but certainly they  
21 valued my efforts and involvement as well.

22 Q. Is it fair to say that they were looking  
23 to Ripple to make those efforts and have that  
24 involvement in increasing liquidity in the XRP  
11:44:10 25 market?

11:44:10 1 MR. HORTON: Objection to form.

2 MS. BUNTING: Objection.

3 A. I don't think they believed that Ripple  
4 exclusively was responsible for building liquidity  
11:44:17 5 in the network.

6 Q. Okay. But putting aside whether Ripple  
7 was exclusively responsible for that, were they  
8 looking to Ripple to provide -- to take steps to  
9 provide that liquidity?

11:44:28 10 MR. HORTON: Objection to form.

11 MS. BUNTING: Objection.

12 A. I'm not sure what they were looking for.  
13 They were aware that I was doing that.

14 Q. Did they ask you questions about what  
11:44:39 15 steps Ripple was taking to provide liquidity?

16 A. I don't recall if they asked me  
17 questions about that.

18 Q. Did you provide updates on what steps  
19 Ripple was taking to provide liquidity?

11:44:55 20 MR. HORTON: Objection to form.

21 A. I did provide updates on important  
22 developments in the marketplace.

23 Q. Including what Ripple was doing to  
24 provide liquidity?

11:45:07 25 MR. HORTON: Objection to form.

11:45:11 1 A. When appropriate, those included things  
2 that Ripple was doing, yes.

3 Q. And did you provide those updates  
4 because you believed that that was information  
11:45:17 5 that the individuals and firms you were  
6 interacting with would want to know?

7 MR. GULAY: Objection.

8 A. I believe that those individuals and  
9 firms were interested in staying apprised of  
11:45:37 10 market developments broadly, and so my updates to  
11 them would have included relevant things that I  
12 viewed as material, whether or not they included  
13 Ripple Labs and sometimes they did include Ripple  
14 Labs.

11:45:47 15 Q. Okay.

16 MS. STEWART: Nicole, the next  
17 exhibit is PR-4.

18 (Whereupon, exhibit is presented  
19 and marked SEC Rapoport Exhibit PR-4 for  
11:46:17 20 identification.)

21 MS. STEWART: And for the record,  
22 PR-4 is Bates numbered RPLI\_SEC 0012819  
23 through 821.

24 (Pause)

11:48:17 25 A. Okay. I've reviewed this.

11:48:18 1 BY MS. STEWART:

2 Q. Okay. So looking at the -- the bottom  
3 e-mail in this chain, which is an e-mail from --  
4 from [REDACTED], do you see that?

11:48:29 5 A. Yes.

6 Q. And who is [REDACTED]?

7 A. She was an employee at the company that  
8 worked in product.

9 Q. Okay. And -- and do you see her e-mail  
11:48:41 10 starts "Hey, Patrick, in the giveaway doc you  
11 mentioned the 4 V's we need to track for each of  
12 the giveaways - volume, velocity, volatility,  
13 valuation." Do you see that?

14 A. Yes.

11:48:54 15 Q. Okay. Do you recall what the "giveaway  
16 doc" is?

17 A. I don't recall what that is.

18 Q. Okay. I think we talked about this  
19 briefly a little while ago, but did Ripple from  
11:49:03 20 time to time give away XRP?

21 A. Yes.

22 Q. Okay. And those were called giveaways?

23 A. Yes.

24 Q. Okay. So what is a giveaway?

11:49:20 25 A. In the sense it was used at Ripple Labs

11:49:22 1 at the time, it was a distribution of XRP from  
2 Ripple Labs to a group of market participants,  
3 sometimes indiscriminately for anyone signed up,  
4 and sometimes as a specific incentive for  
11:49:39 5 something, like signing up for a new account or  
6 some other goal.

7 Q. Okay. When it was done  
8 indiscriminately, as you said, what was the  
9 purpose of it?

11:49:57 10 A. To get XRP into the hands of more people  
11 and off Ripple's balance sheet.

12 Q. Okay. And what was the benefit to  
13 Ripple of getting the XRP into the hands of more  
14 people, if any?

11:50:14 15 MR. GULAY: Objection;  
16 foundation.

17 A. In my understanding, given that a user  
18 needs a small amount of XRP as an anti-spam  
19 mechanism to use the network and given that Ripple  
11:50:28 20 Labs had a goal of more people using the network  
21 for utility, it was necessary for XRP to be  
22 distributed into the hands of -- of people other  
23 than Ripple Labs.

24 Q. Was one of the goals of the giveaways to  
11:50:47 25 increase XRP's liquidity?

11:50:50 1 MR. GULAY: Objection.

2 A. The goal of certain types of giveaways  
3 was to increase the liquidity of XR -- the  
4 liquidity on the Ripple network, broadly speaking,  
11:51:05 5 including XRP.

6 Q. Okay. What types of giveaways were  
7 intended to do that?

8 A. It's debatable if this is called a  
9 giveaway, but we compensated market makers in  
11:51:18 10 exchange for providing quotes on the network and  
11 we did that because we wanted to increase the  
12 liquidity of the assets on the network.

13 Q. Okay. And why -- why do you say that  
14 it's debatable if that's a giveaway?

11:51:34 15 A. I think in colloquial terms at the  
16 company that may have been referred to as a  
17 giveaway even though that's technically  
18 compensation for something, for providing a  
19 service, market making.

11:51:43 20 Q. Okay. Other than the compensation to  
21 market makers, were there other giveaways that  
22 were intended to increase the liquidity of XRP?

23 MR. GULAY: Objection.

24 A. There were a number of different  
11:52:00 25 giveaway strategies employed while I was there and

11:52:03 1 I wasn't always party to the goals of what that  
2 strategy was; so there were some giveaways that  
3 were intended to increase liquidity in the  
4 marketplace and there were others with presumably  
11:52:17 5 other goals irrespective of liquidity.

6 Q. Okay. Can you recall any giveaways  
7 where goals were to increase liquidity of XRP?

8 MR. HORTON: Objection to form.

9 A. Apart from the market maker compensation  
11:52:44 10 that I mentioned, I can't recall others.

11 Q. Okay. Going back to the document PR-4,  
12 I want to look at your e-mail, which is on the  
13 second page of the document, that's dated October  
14 13, 2013, where it starts "Hi [REDACTED]."

11:53:04 15 Do you see that?

16 A. Yes.

17 Q. Okay. So you say here, "Generally  
18 speaking, I think a successful giveaway will have  
19 at least one of two factors: One, the XRP that  
11:53:17 20 was given away has high velocity, i.e., it gets  
21 traded around between many accounts, presumably  
22 getting more users involved in Ripple and also  
23 improving network volumetrics."

24 Do you see that?

11:53:30 25 A. Yes.



11:53:31 1 Q. Okay. What did you mean by this?

2 A. I think the sentence is clear. Is there  
3 something that should be clarified?

4 Q. Okay. I'll ask a more specific  
11:53:55 5 question. That's fine.

6 Was -- was -- was the point that you  
7 were making here that the -- the giveaway would  
8 increase the volume of XRP on the network?

9 MR. GULAY: Objection.

11:54:19 10 A. I had a view that a successful giveaway  
11 would increase the volume or improve liquidity.  
12 So the way you phrased the last question, I don't  
13 view many of the giveaways as having achieved  
14 that -- that goal.

11:54:41 15 Q. You don't view many of -- of Ripple's  
16 give -- giveaways as having achieved the goal of  
17 increasing liquidity?

18 A. Correct.

19 Q. Okay. And -- and why -- why -- why is  
11:54:50 20 that?

21 A. The XRP that was given away did not have  
22 high velocity or get traded around between many  
23 accounts in my view, my understanding.

24 Q. What does it mean, it "did not have high  
11:55:11 25 velocity"?

11:55:18 1 A. If you were to track one unit of XRP  
2 that was given away, how much it changed hands  
3 after that point in time would be the velocity.

4 Q. So velocity just means how much it gets  
11:55:34 5 traded around between accounts?

6 A. Correct. How much volume.

7 Q. And do you have an understanding of why  
8 the XRP that was given away did not end up being  
9 traded -- traded around between many accounts?

11:55:49 10 MR. GULAY: Objection.

11 A. At this point in time, my recollection  
12 is that the XRP was generally given away for  
13 nothing. And my assumption was that the people on  
14 the receiving end immediately sold it for dollars  
11:56:14 15 or bitcoin or something else.

16 Q. Okay.

17 A. But I don't have any way to know what  
18 the large number of the people on the other end  
19 thought.

11:56:25 20 Q. Was there a limit on the size of the  
21 giveaways?

22 MR. GULAY: Objection;  
23 foundation.

24 A. This was very early in my time at the  
11:56:39 25 company, maybe the first month. And so I wasn't

11:56:42 1 privy to the discussion on the size of the  
2 giveaway. I don't recall being part of that  
3 discussion.

4 Q. Do you recall if there was a limit one  
11:56:50 5 way or the other?

6 MR. HORTON: Objection.

7 A. I remember discrete programs with the  
8 earmarks, numbers, attached to them in a large  
9 amount of experimentation at that time.

11:57:08 10 Q. Okay. Going down in -- in your e-mail  
11 to where -- do you see where the -- the word  
12 "volume" is in bold?

13 A. Yes.

14 Q. And it says "Volume equals: One, amount  
11:57:21 15 given away; and, two, ensuing trading volume in  
16 receiving accounts."

17 Do you see that?

18 A. Yes.

19 Q. Okay. Am I understanding correctly that  
11:57:30 20 what you're saying here is that the XRP that's  
21 given away, if that is then traded in other  
22 accounts, it's -- it's the ensuing trading that  
23 contributes to the volume?

24 MR. GULAY: Objection.

11:57:51 25 A. My primary interest and focus was on

11:57:54 1 liquidity as the markets person. And so when a  
2 unit of XRP was given away, my focus was on  
3 whether that giveaway resulted in increased volume  
4 or not, and I viewed it to be more successful of a  
11:58:10 5 giveaway if more volume ensued as a result.

6 Q. Okay. And is that why you say here that  
7 "the ratio of these would be an interesting metric  
8 for us to track"?

9 A. That's correct.

11:58:21 10 Q. Okay. Did Ripple, in fact, track that  
11 ratio?

12 A. I don't recall tracking it.

13 Q. Okay. We've talked a lot today about  
14 liquidity. What does liquidity mean to you?

11:58:43 15 MR. GULAY: Objection.

16 A. I think the first few paragraphs of this  
17 e-mail are a pretty good explanation of that.  
18 That you can measure how liquid something is based  
19 on how wide the market is, either the bid/ask  
11:59:06 20 spread, and by how volume you can trade at those  
21 levels.

22 Q. Okay. Is it fair to say that what  
23 goes -- the factors that go into liquidity are  
24 volume and price?

11:59:14 25 MR. HORTON: Objection to form.

11:59:15 1 A. I would say volume and size. I'm sorry,  
2 bid/ask spread and size.

3 Q. Bid/ask spread and size. Is size  
4 different than volume?

11:59:29 5 A. I think we're saying the same thing,  
6 but -- but how -- how much size is available at a  
7 given price or how much volume you can trade at  
8 that price.

9 Q. I understand.

11:59:38 10 So what you say here, how much volume  
11 you can trade at those levels?

12 A. Correct.

13 Q. Okay. So the sentence here at the top  
14 of PR-4, your first sentence, that is an accurate  
11:59:48 15 description of liquidity in your mind?

16 A. Yes.

17 Q. And just so it's in the record, it says  
18 here "You typically measure how liquid something  
19 is by talking about how wide the market is, i.e.,  
12:00:03 20 bid/ask spread and how much volume you can trade  
21 at those levels," yes?

22 A. Correct.

23 Q. Okay. Was Ripple tracking the liquidity  
24 of XRP?

12:00:22 25 MS. BUNTING: Objection.

12:00:31 1 A. At this point in time, there were  
2 relatively crude tools to track market activity,  
3 including XRP, but not limited to XRP overall, and  
4 those tools improved over time.

12:00:46 5 Q. Okay. And did -- did Ripple use those  
6 tools to track the liquidity of XRP?

7 MR. GULAY: Objection.

8 A. My recollection is those tools were  
9 generally open source and publicly available, and  
12:01:03 10 I used those tools to monitor activity in the  
11 market, including, but not limited to, XRP's  
12 liquidity.

13 Q. What other activity did you monitor  
14 while you were at Ripple?

12:01:19 15 THE REPORTER: Repeat.

16 Q. What other activity did you monitor  
17 while you were at Ripple?

18 A. I had an interest in all trading  
19 activity on the network. At this time bitcoin  
12:01:27 20 against the dollar was a prominent trading pair  
21 that didn't involve XRP, as one example.

22 Q. Okay.

23 MR. HORTON: Counsel, would now  
24 be a good time for a break?

12:01:37 25 MS. STEWART: Sure.

12:01:38 1 THE VIDEOGRAPHER: Going off the  
2 record at 12:01.  
3 (Whereupon, a luncheon recess is  
4 taken.)

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12:01:40 1 A F T E R N O O N S E S S I O N  
2 THE VIDEOGRAPHER: Okay. Back on  
3 the record at 12:50.  
4 Go ahead.

12:50:50 5 BY MS. STEWART:

6 Q. Okay. Mr. Rapoport, do you recall  
7 before lunch we -- we looked at the -- the primer  
8 that you had drafted and that you had sent to  
9 Mr. [REDACTED] that was PR-6?

12:51:02 10 A. Yes.

11 Q. Okay. I think I forgot to ask you about  
12 that document, whether there were other  
13 individuals or firms that you sent the primer to.

14 A. My recollection of this was broad --  
12:51:20 15 this was a broadly used document for nontechnical  
16 people that wanted to familiarize themselves with  
17 Ripple basics.

18 Q. Okay. When was the last time you spoke  
19 with Mr. Griffin?

12:51:37 20 A. In the past month.

21 Q. Okay. Did you speak with him about this  
22 litigation?

23 A. No.

24 Q. Did you speak with him about your  
12:51:45 25 testimony?



12:51:45 1 A. No.

2 Q. Are you aware of whether Mr. Griffin has  
3 been deposed in this matter?

4 A. I was aware that it did happen, yes.

12:51:52 5 Q. Okay. Did Mr. Griffin tell you that he  
6 was deposed in this matter?

7 A. I was aware that he was in New York for  
8 this matter and that was the extent of our  
9 discussions about it.

12:52:03 10 Q. Did you speak with him after his  
11 deposition?

12 A. I'm not sure exactly at what time during  
13 his time in New York it happened. And so I spoke  
14 with him during his time in New York. Whether  
12:52:21 15 that was before or after, I'm not sure.

16 Q. Okay. Did you discuss with him at all  
17 his testimony?

18 A. No.

19 MR. HORTON: Objection; asked and  
12:52:29 20 answered.

21 Q. Okay.

22 MS. STEWART: We'll do 8.

23 Nicole, we're on PR-8.

24 (Whereupon, exhibit is presented

12:52:38 25 and marked SEC Rapoport Exhibit PR-8 for

12:52:38 1 identification.)

2 MS. STEWART: So for the record,  
3 PR-8 is Bates numbered RPLI\_SEC 0038399 to  
4 400.

12:53:08 5 (Pause)

6 A. Okay. I've reviewed this.

7 BY MS. STEWART:

8 Q. Okay. Have you seen this document  
9 before?

12:54:31 10 A. No.

11 Q. Okay. Do you have any --

12 A. Excuse me. I saw this -- I clearly saw  
13 this back in 2013 because my name is on the  
14 e-mail, but I haven't -- I don't remember it and  
12:54:41 15 haven't seen it since then.

16 Q. Okay. Do you have any reason to doubt  
17 that you had this e-mail exchange with [REDACTED]  
18 [REDACTED]?

19 A. No, and I -- no, I don't.

12:54:49 20 Q. Okay. Who is [REDACTED]?

21 A. He is a representative of [REDACTED]  
22 [REDACTED], which is a venture capital firm.

23 Q. Okay. And did [REDACTED] have a  
24 relationship with Ripple?

12:55:06 25 A. My understanding is that [REDACTED]

12:55:08 1 [REDACTED] was a seed round investor in Ripple.

2 Q. Does that mean that their  
3 relationship --

4 A. Sorry, Ripple Labs, I should say.

12:55:18 5 Q. Okay. Thank you.

6 Does that mean that their relationship  
7 with Ripple Labs preceded your tenure at Ripple?

8 A. That's correct.

9 Q. And what is it that you and -- and -- is  
12:55:32 10 it Mr. [REDACTED]?

11 A. Yes.

12 Q. Okay. What is it that you and Mr. [REDACTED]  
13 are discussing in this e-mail?

14 A. Mr. [REDACTED] and Chris Larsen, and it looks  
12:55:50 15 like [REDACTED] who's an associate of  
16 Mr. [REDACTED], had a discussion without me about a  
17 strategy described here to trade in the market  
18 with the intent to lose XRP.

19 Q. Okay. And in -- in the top e-mail, your  
12:56:09 20 e-mail to Mr. [REDACTED] at the top of the document, you  
21 say "Yes, we are all on the same page that this  
22 will be a 'distribution' strategy where you are  
23 expected to lose XRP to the market, and the loan  
24 will be forgiven."

12:56:22 25 Do you see that?

12:56:23 1 A. Yes.

2 Q. Okay. So what did you mean when you  
3 wrote "distribution strategy" here?

4 A. I remember the scenario and I remember  
12:56:37 5 thinking it was a nonsensical idea at the time and  
6 the strategy did not make sense to me to achieve  
7 any goal at all. But this was October 2013, when  
8 I was relatively new at the company, and so I went  
9 along with it largely because it was the CEO of  
12:56:55 10 the company, Chris Larsen, encouraging this  
11 interaction with two investors. So I didn't think  
12 it was my place to voice my -- my disagreement  
13 with the strategy.

14 Q. Okay. What is your understanding of  
12:57:11 15 what the strategy was supposed to achieve?

16 A. In reading the e-mail, it sounds like  
17 [REDACTED] had certain objectives described in  
18 the e-mail, which he describes as "creating flow  
19 to encourage the fundamental building blocks of  
12:57:51 20 any market," or the market in this case. So it  
21 appears that he thought this would increase  
22 liquidity in the market, this strategy.

23 Q. And did you disagree with that?

24 A. I did disagree with that.

12:58:04 25 Q. And why?

12:58:10 1 A. I actually viewed this as a liquidity  
2 destructive action. He describes "sweeping the  
3 book back and forth," which what he means by that  
4 is removing liquidity from what's posted in the  
12:58:31 5 order book by buying and then selling and then  
6 buying and then selling. To me, that's the  
7 opposite of building liquidity. That's -- that's  
8 removing liquidity from the market.

9 Q. Okay. Did you discuss your view with  
12:58:45 10 Mr. [REDACTED]?

11 A. As a newly hired employee put in this  
12 discussion by the CEO of the company and speaking  
13 to an investor, I didn't think it was my place to  
14 dispute Mr. [REDACTED]'s views at this time.

12:59:05 15 Q. Did you discuss your views with  
16 Mr. Larsen?

17 A. I don't recall if I did or I didn't.

18 Q. Did you discuss your views with  
19 Mr. Griffin?

12:59:14 20 A. I don't recall.

21 MR. GULAY: Sorry. Just to  
22 clarify, Mr. Rapoport, when you say  
23 "speaking to an investor," did you mean an  
24 investor in Ripple Labs, Inc.?

12:59:23 25 THE WITNESS: Yes. Mr. [REDACTED] was

12:59:25 1 an investor in Ripple Labs -- [REDACTED]  
2 [REDACTED] was an investor in Ripple Labs,  
3 Inc.

4 BY MS. STEWART:

12:59:31 5 Q. Okay. And when you say in the sentence  
6 that we just read, "we are all in the same page  
7 that this will be a distribution strategy," who is  
8 the "we" that you're referring to in that  
9 sentence?

12:59:41 10 A. I do recall having a conversation with  
11 [REDACTED] on the phone that I reference in this  
12 e-mail. I'm not certain whether the "we" refers  
13 just to me and [REDACTED] or the four people in  
14 this e-mail. The others are [REDACTED] and  
13:00:01 15 Chris Larsen.

16 Q. Okay. Do you agree with Mr. [REDACTED] that  
17 the "fundamental building blocks of any market are  
18 speculators"?

19 A. No. I think speculators can play an  
13:00:27 20 important role, but natural users of an asset can  
21 be equally important as fundamental building  
22 blocks of a market.

23 Q. So is it fair to say that you think that  
24 there's two fundamental building blocks of a  
13:00:40 25 market?

13:00:40 1 MR. HORTON: Objection.

2 MR. GULAY: Objection to form.

3 A. I think the answer to that depends on  
4 how we define "speculators," but I think, in  
13:00:58 5 general, people transacting in an asset are either  
6 speculating in some form, whether short-term or  
7 long-term holders, or they have some natural need  
8 to purchase or sell the asset. For example, an  
9 airline company has to buy jet fuel and the jet  
13:01:17 10 fuel market can be speculators and natural users.

11 Q. Okay. So -- so together, the  
12 speculators and the natural users would, in your  
13 view, be the fundamental building blocks of any  
14 market?

13:01:29 15 MR. HORTON: Objection to form.

16 A. Yeah, I think those are the primary  
17 market participants of any market, yes.

18 Q. And at the time in 2013, were there more  
19 speculators than natural users in the Ripple  
13:01:43 20 network?

21 MR. HORTON: Objection to form.

22 A. I don't know that I can answer that. I  
23 don't know that I know the answer to that.

24 Q. Well, did you have a sense that more of  
13:02:03 25 the -- of the people who were -- who are holding

13:02:06 1 XRP -- let me -- strike that. Let me restart.

2 Did you have a sense that more of the  
3 people who are buying XRP were buying it to  
4 speculate on XRP as opposed to use XRP?

13:02:20 5 MR. GULAY: Objection to  
6 foundation.

7 MS. BUNTING: Objection.

8 A. Any user of the Ripple network needed a  
9 small amount of XRP based on the network design of  
13:02:31 10 using XRP as an anti-spam mechanism. And I don't  
11 think anyone has any way of knowing which users  
12 were purchasing XRP for that purpose, for its  
13 utility in -- in the network, or speculating on  
14 it.

13:02:48 15 Q. That's not something that Ripple  
16 tracked?

17 A. I'm not sure that there is a way to  
18 track that because it's an open-source network  
19 that anyone can participate in and it was --  
13:02:59 20 there's, to my knowledge, no way to get that  
21 information.

22 Q. Okay. Do you agree with Mr. [REDACTED]  
23 statement at the very end of his e-mail that a  
24 controlled appreciation of XRP is what Ripple  
13:03:21 25 wants?



13:03:24 1 A. No.

2 Q. And why not?

3 A. To my knowledge, Ripple didn't have any  
4 goals with respect to what the price of XRP should  
13:03:43 5 or shouldn't do and that's what Mr. [REDACTED] seems to  
6 be implying here.

7 Q. So Ripple's goal, or at least one of  
8 Ripple's goals, was not to take steps to  
9 appreciate the price of XRP?

13:04:03 10 MR. HORTON: Objection to form.

11 A. I believe that the company sought to  
12 increase usage of the Ripple network and improve  
13 liquidity in the market; and it's my belief that  
14 those actions could lead to an increase in XRP  
13:04:23 15 price, but I don't think that that's a given and  
16 that's an ancillary effect that is my belief. And  
17 so I don't believe the company had a direct goal  
18 to influence the price of XRP.

19 Q. Did the company have a goal to decrease  
13:04:38 20 the price of XRP?

21 MR. HORTON: Objection to form.

22 A. No, I don't think the company had any  
23 goals with respect to the price of XRP whatsoever.

24 Q. So the company had no goals one way or  
13:04:47 25 the other with respect to the price of XRP?

13:04:50 1 A. No. Not that I'm aware.

2 Q. This distribution strategy,  
3 quote/unquote, that's referred to in your e-mail  
4 with Mr. [REDACTED] did Mr. [REDACTED] firm, in fact,  
13:05:16 5 pursue this strategy?

6 A. Yes. A version of this moved forward  
7 shortly after these e-mails.

8 Q. Okay. And when you say "a version of  
9 this," what do you mean?

13:05:28 10 A. I don't recall the specifics of exactly  
11 how it was conducted, but I do remember that XRP  
12 was sent to a representative of [REDACTED]  
13 and that representative traded in the market. And  
14 that's -- that's what I remember about it.

13:05:48 15 Q. That representative of [REDACTED]  
16 traded in the market and intentionally lost the  
17 XRP?

18 MR. HORTON: Object to form.

19 A. What I remember is that that person  
13:05:59 20 removed a lot of liquidity from the order books,  
21 meaning that they bought and sold and bought and  
22 sold. I didn't have visibility or I don't have  
23 recollection as to how much or what they lost  
24 trading.

13:06:15 25 Q. How much XRP was given to [REDACTED]

13:06:17 1 [REDACTED] ?

2 A. I don't have any recollection of this,  
3 but the e-mail says [REDACTED] XRP.

4 Q. And do you know how much XRP [REDACTED]

13:06:27 5 [REDACTED] lost?

6 MR. GULAY: Objection.

7 A. I don't have any recollection of whether  
8 they made or lost money and how much.

9 Q. And where -- where you say here in the  
13:06:41 10 top e-mail that "the loan will be forgiven,"  
11 what -- what is that a reference to?

12 A. For reasons I don't think I fully  
13 understood at the time, the company, when  
14 distributing XRP in certain situations, was  
13:07:08 15 treating it as a forgivable loan; that the -- XRP  
16 would be transferred to somebody and then -- as a  
17 loan, and that loan would be forgiven. I'm not  
18 sure of the reasoning behind that structure.

19 Q. And did Ripple pursue this kind of  
13:07:27 20 strategy with any other individual of the firm?

21 MR. HORTON: Objection to form.

22 A. I'm not aware of this type of trading  
23 strategy being conducted again after this one  
24 instance.

13:07:42 25 Q. Did you have a concern in 2013 whether

13:07:45 1 this kind of trading strategy could constitute  
2 market manipulation?

3 MR. HORTON: Objection to form.

4 MR. GULAY: Objection.

13:07:59 5 A. I found it disruptive to the market. I  
6 didn't have concerns about market manipulation at  
7 this time.

8 Q. Sitting here today, do you have concerns  
9 that this kind of strategy could constitute market  
13:08:13 10 manipulation?

11 MR. HORTON: Objection.

12 MR. GULAY: Objection;

13 foundation.

14 A. I don't have enough knowledge of the  
13:08:20 15 legal meaning of that to really have an opinion  
16 without advice.

17 MS. STEWART: Nicole, the next  
18 exhibit is PR-12.

19 And for the record, that's Bates  
13:08:45 20 numbered RPLI\_SEC 0461857 through 866.

21 (Whereupon, exhibit is presented  
22 and marked SEC Rapoport Exhibit PR-12 for  
23 identification.)

24 BY MS. STEWART:

13:09:21 25 Q. So, Mr. Rapoport, I plan to ask you

13:09:22 1 about your e-mail which is on the first page of  
2 this document, but of course feel free to -- to  
3 review the -- the rest of the e-mail chain.

4 (Pause)

13:15:45 5 A. Okay.

6 Q. Okay. Is it -- is it fair to say that  
7 this document is an internal discussion at Ripple  
8 about the pros and cons of a bond auction as a way  
9 to distribute XRP?

13:16:02 10 MR. GULAY: Objection.

11 MR. HORTON: Objection to form.

12 A. I think this document is a general  
13 discussion on how to get XRP off of Ripple's books  
14 and into the market in various different ways.

13:16:15 15 Q. Okay. And the -- the title -- the "Re"  
16 line of the e-mail, which I don't -- I don't think  
17 you wrote, but it says "Giveaways versus auction  
18 and pump priming."

19 Do you have a sense of what "pump  
13:16:32 20 priming" means?

21 A. I'm not sure what that means.

22 Q. Okay. So in the e-mail that you write  
23 on the first page of the document, which is  
24 November 24th at 9:16 a.m., the -- the second  
13:16:46 25 paragraph of your e-mail says "The bond auction

13:16:49 1 structure does seem to cleanly solve our  
2 self-imposed goal of getting XRP off our books  
3 without immediately flooding the market with XRP  
4 supply/price pressure."

13:17:00 5 Do you see that?

6 A. Yes.

7 Q. Okay. And -- and was that -- was that  
8 sentence accurate at the time you wrote it?

9 A. I think so, yes.

13:17:11 10 Q. Okay. And where you say "our  
11 self-imposed goal," who is -- whose self-imposed  
12 goal are you referring to?

13 A. In this e-mail chain, there's a  
14 conversation between several senior members of the  
13:17:27 15 company. And it's -- I interpret this to reflect  
16 a strong desire to distribute XRP into the  
17 marketplace and get a significant amount of it off  
18 of Ripple Labs' books with some disagreement about  
19 what the best strategy is to do that.

13:17:47 20 Q. So your statement in this e-mail is  
21 based on the e-mails further down in the -- in the  
22 chain of the document we're looking at?

23 A. Based on this e-mail and --

24 MR. HECKER: Objection to form.

13:17:58 25 A. Based on this e-mail and my recollection

13:17:59 1 of the dynamics at the company at the time.

2 Q. Okay. Did you have discussions about  
3 this self-imposed goal other than what's reflected  
4 in this e-mail with -- with your colleagues at  
13:18:18 5 Ripple?

6 A. Yes.

7 Q. And what were those discussions?

8 A. I generally recall having discussions.  
9 Given seven years have passed, I don't recall  
13:18:28 10 specific discussions clearly.

11 Q. What do you recall generally about the  
12 discussions?

13 A. I think this e-mail thread accurately  
14 represents the fact that senior members of the  
13:18:45 15 company viewed it as important to get XRP off the  
16 books and that that was the goal in and of itself.  
17 And there was discussion about whether that could  
18 be done through a charitable process without the  
19 company receiving economic benefit in exchange for  
13:19:06 20 selling or giving away the XRP, but that there was  
21 concern about harming the marketplace and  
22 impacting liquidity in the marketplace if Ripple  
23 Labs were to indiscriminately give away or donate  
24 all the XRP versus employing other tactics like  
13:19:34 25 the ones discussed in -- in this e-mail, including

13:19:41 1 selling XRP.

2 Q. So the reason that Ripple didn't want to  
3 give away all the XRP was that it didn't want to  
4 negatively impact the liquidity?

13:19:47 5 MR. GULAY: Objection.

6 MR. HORTON: Objection to form.

7 A. From early giveaways, it was evident  
8 that the common result of a broad giveaway of XRP  
9 was that the recipients immediately sold that XRP  
13:20:09 10 and that that harmed market structure and the  
11 price of XRP, neither of which were viewed to be  
12 good outcomes.

13 Q. Okay. And in the sentence that we just  
14 read in your e-mail, you say "XRP supply/price  
13:20:28 15 pressure."

16 Do you see that?

17 A. Yes.

18 Q. What do you mean by "price pressure"?

19 A. While Ripple Labs did not, to my  
13:20:55 20 knowledge, take actions to impact what the price  
21 of XRP was, Ripple Labs certainly had a preference  
22 for the price to rise rather than fall given that  
23 it was a significant holder. And so in a similar  
24 way to how ExxonMobil doesn't want to have its  
13:21:11 25 actions collapse the price of oil since it's a



13:21:14 1 significant holder of oil, Ripple Labs was  
2 cognizant of the fact that its actions in the  
3 marketplace could have adverse consequences for  
4 its balance sheet.

13:21:28 5 Q. So you -- you say in the next sentence  
6 in your e-mail, "I want to carefully consider all  
7 of the other structured products that we can come  
8 up with that could accomplish the same goal."

9 Do you see that?

13:21:40 10 A. Yes.

11 Q. Did you and others at Ripple carefully  
12 consider other structured products?

13 A. I know that we discussed a variety of  
14 ideas. I don't know. We may disagree on what  
13:22:06 15 "carefully consider" means.

16 Q. But you discussed other structured  
17 products that could accomplish the goal that we  
18 were just talking about?

19 A. Yes. We discussed a large number of  
13:22:15 20 ideas.

21 Q. Okay. Can you tell me about some of  
22 those ideas that you discussed?

23 A. The number of voices and tactics  
24 described in this e-mail exchange I think are good  
13:22:39 25 examples of the large number of out-of-the-box

13:22:41 1 ideas that were discussed, but given the amount of  
2 time that's passed, the specifics of ideas are  
3 difficult for me to recall.

4 Q. Did Ripple pursue this bond auction  
13:22:51 5 strategy?

6 A. Not to my knowledge.

7 Q. Were there any other structured products  
8 that -- that Ripple used to distribute XRP?

9 MR. GULAY: Objection.

13:23:07 10 To the extent you know.

11 A. I'm not aware of Ripple acting as the  
12 issuer of a structured product to distribute XRP.

13 Q. You mentioned a moment ago that if  
14 Ripple were to give away all of its XRP, that  
13:23:28 15 would create liquidity issues.

16 Do I have that right?

17 MR. GULAY: Objection.

18 Q. I'm not trying to mischaracterize what  
19 you said, but put it in your own words. I just --  
13:23:44 20 I have a follow-up question to that.

21 A. When Ripple conducted straight giveaways  
22 of XRP to large numbers of interested people, I  
23 observed that to have an adverse impact on market  
24 liquidity and price.

13:23:58 25 Q. Okay. Was the same true when Ripple

13:24:00 1 sold XRP?

2 A. At times it was true and at times it was  
3 not true.

4 Q. Okay. When was it true?

13:24:21 5 A. When Ripple sold XRP at a discount to  
6 market price, the purchaser could then go sell at  
7 the market price and -- and make a quick profit.  
8 And so that, in my view, had a similar neg --  
9 adverse impact on liquidity and price.

13:24:44 10 Q. Okay. And so what were the instances  
11 where it did not have a negative impact on  
12 liquidity, the sales of XRP?

13 A. Those were the two examples where I  
14 thought there was an obvious negative impact and I  
13:25:00 15 can't -- I think other instances did not have the  
16 same negative impact to my current recollection.

17 Q. So that was when XRP was sold either  
18 with -- without a dis -- discount or with a  
19 premium?

13:25:15 20 A. Correct.

21 Q. Okay. At the bottom of -- of the first  
22 page of this e-mail that we're looking at, you say  
23 "We want a sales team that can target -- "that can  
24 target funds that specialize in thematic trades  
13:25:32 25 with convex payouts."

13:25:34 1 Do you see that?

2 A. Yes.

3 Q. What do you mean by that?

4 A. In my view, digital assets generally,  
13:25:52 5 and XRP specifically, are largely binary outcomes,  
6 meaning that if we look five or ten years into the  
7 future, I think the price of a given digital asset  
8 will likely be a lot more today or zero -- a lot  
9 more than today or zero. And that's what I mean  
13:26:09 10 by a convex payout: Something that is likely to  
11 either just go to zero or have an exponential  
12 rise.

13 And thematic trade I think is referring  
14 to trading on a -- a theme. I'm not quite sure  
13:26:41 15 how to explain that.

16 Q. Okay. At this time in 2013, did you  
17 think that XRP was going to go to zero or that it  
18 would have exponential growth?

19 MR. HORTON: Objection to form.

13:26:52 20 MR. GULAY: Objection.

21 A. Like most early stage technologies, I  
22 thought that the higher probability was going to  
23 zero and that a small probability of a high price  
24 was possible and that that tends to be something  
13:27:16 25 that characterized this type of convexity.

13:27:22 1 Q. Okay. And did that view of yours change  
2 during your time at Ripple?

3 A. No. I think that was a view I held  
4 throughout my time at Ripple.

13:27:35 5 Q. Okay.

6 MS. STEWART: Nicole, we're --  
7 we're doing PR-27 next.

8 (Whereupon, exhibit is presented  
9 and marked SEC Rapoport Exhibit PR-27 for  
13:27:42 10 identification.)

11 MS. STEWART: And PR-27 is Bates  
12 numbered RPLI\_SEC 425895 through 900.

13 BY MS. STEWART:

14 Q. And, Mr. Rapoport, I'm going to ask you  
13:28:04 15 questions on the first page of this document and  
16 your -- your e-mail that continues on to the top  
17 of page 2, but of course feel free to review the  
18 entire document.

19 (Pause)

13:29:34 20 A. Okay. I've read it.

21 Q. Okay. So looking at -- at your e-mail  
22 which starts sort of midway through the first page  
23 of the document, where you say "Two concerns  
24 here."

13:29:49 25 Are you there?

13:29:50 1 A. Yes.

2 Q. Okay. So you say "On a 1 million"  
3 dollar -- "1 million XRP transaction, there is  
4 plenty of liquidity to easily purchase that amount  
13:29:59 5 in the market. When we sell directly to someone,  
6 it hurts our goal of achieving critical mass on  
7 the exchange because we're detracting from" --  
8 we're de -- "we're detracting from market volume."  
9 Do you see that?

13:30:10 10 A. Yes.

11 Q. Okay. What do you mean by that? Or  
12 what did you mean by that?

13 A. As a person focused on markets and  
14 developing liquidity at the company, it was my  
13:30:28 15 preference that the company did not sell over the  
16 counter bilaterally to interested parties. I  
17 thought it benefited the goal of building a liquid  
18 market to force all interested buyers or sellers  
19 to transact in the market where the volume is  
13:30:49 20 publicly visible, accessible to others, and will  
21 ultimately encourage the development of a liquid  
22 market.

23 Q. So you would rather someone who wanted  
24 to buy XRP do it on the exchange as opposed to  
13:31:04 25 buying it from Ripple directly?

13:31:06 1 A. Correct. On the Ripple -- on the Ripple  
2 Ledger itself at this time.

3 Q. Okay. And then you continue to say in  
4 that paragraph, "We are also preventing XRP price  
13:31:17 5 from rising, because the demand doesn't go to the  
6 market."

7 Do you see that?

8 A. Yes.

9 Q. And what did you mean by that?

13:31:26 10 A. Markets respond -- the price of the  
11 market responds to the actions of buyers and  
12 sellers. And for a price to rise, there need to  
13 be more buyers than sellers in the marketplace, in  
14 the public marketplace. And if any interested  
13:31:39 15 buyer came and bought directly from Ripple, from  
16 Ripple Labs, that was preventing that same  
17 buyer -- or -- or substituting that buyer from  
18 going into the market and otherwise lifting offers  
19 to -- which would typically increase the price.

13:32:02 20 Q. Okay. Is that what you mean by that  
21 last sentence of the paragraph, where you say "If  
22 everyone can buy from us, the price will never go  
23 up"?

24 A. Correct. Theoretically, if -- if every  
13:32:15 25 buyer bought directly from Ripple Labs and only

13:32:17 1 the sellers went to the market, the price would  
2 only go in one direction: Down.

3 Q. Okay. And so am I understanding  
4 correctly that you thought that over-the-counter  
13:32:28 5 sales would hurt both volume and price?

6 A. That's correct.

7 Q. And then you go on to say in this  
8 e-mail, "I'd question whether we should provide a  
9 discount at all, even for large size. It would  
13:32:42 10 make more sense to me to offer a 5 percent  
11 premium."

12 Do you see that?

13 A. Yes.

14 Q. Did Ripple, in fact, stop at some point  
13:32:52 15 offering discounts on these types of XRP sales?

16 MR. GULAY: Objection. I assume  
17 you mean during the time of his  
18 employment.

19 MS. STEWART: Yes.

13:33:04 20 Q. All of my questions are during the time  
21 of your employment.

22 A. I didn't have responsibility for  
23 Ripple's transactions with third parties. And so  
24 I saw and knew about a limited number of what I  
13:33:20 25 believe to be the total number of transactions.



13:33:24 1 What I saw varied a lot over time. I don't think  
2 that there was a clear stopping point that I can  
3 recall.

4 Q. In -- in the e-mail sort of near the top  
13:33:48 5 of the document from Arthur Britto, do you see  
6 that, at 12:42 p.m.?

7 A. Yes.

8 Q. So Mr. Britto says "I think we're trying  
9 to serve two types of purchasers: One, bulk  
13:34:01 10 purchasers for investment; two, bulk purchasers  
11 for resale."

12 Do you agree with Mr. Britto's  
13 statement?

14 A. I think logically he describes the two  
13:34:14 15 things that a person could do after buying an  
16 asset: They could hold it or they could sell it.  
17 So I think, yes, that's logically true.

18 Q. Okay. But he doesn't mention here  
19 people who are buying it to use it, right?

13:34:36 20 A. What do you mean by "use it"?

21 Q. To use it on the -- on the Ledger, on  
22 the network.

23 A. His e-mail doesn't explicitly refer to  
24 that. Parsing it, I think that there's two types  
13:35:17 25 of use: One is the anti-spam functionality and

13:35:20 1 the other is using it as a bridge currency to  
2 trade for another asset. Using it as a bridge  
3 currency I guess is, in a sense, selling it,  
4 but -- I'm a little confused by the question, but  
13:35:36 5 this e-mail does not specifically refer to using  
6 it, no.

7 Q. Okay. Was there wide use of XRP as a  
8 brid -- bridge currency at this time in 2014?

9 MR. HORTON: Objection to form.

13:35:45 10 MS. BUNTING: Objection.

11 A. It was a fairly nascent network and  
12 technology at the time. So I think in the global  
13 sense, there wasn't broad use of Ripple for  
14 anything at the time, but certainly there was some  
13:36:03 15 use of XRP as a bridge currency.

16 MR. GULAY: I'm sorry. When you  
17 said "broad use of Ripple" --

18 THE WITNESS: Sorry. XRP as a  
19 bridge currency.

13:36:13 20 Q. Would you say that -- that though there  
21 was some use, it was de minimis?

22 MR. GULAY: Objection to form.

23 MS. BUNTING: Objection.

24 A. There were certain technical features  
13:36:26 25 that increased the use of XRP as a bridge currency

13:36:30 1 when implemented. And I don't recall if this is  
2 before or after that. So it's difficult for me to  
3 answer that question.

4 Q. Well, let's take it back, then, to the  
13:36:45 5 beginning of your time at Ripple.

6 Was there a time when the use of XRP as  
7 a bridge currency was de minimis?

8 A. Yes.

9 MR. GULAY: Objection.

13:36:55 10 Q. So in -- in this e-mail chain, the  
11 e-mail right above, we're still on page 1,  
12 Mr. Griffin says "Fully supportive of this view.  
13 Adding [REDACTED] and Chris."

14 Do you see that?

13:37:07 15 A. Yes.

16 Q. Do you recall if Mr. Larsen ever  
17 expressed a view on this issue?

18 MS. BUNTING: Objection.

19 A. On what issue?

13:37:17 20 Q. On the issue that's being discussed in  
21 this e-mail chain.

22 MR. GULAY: Objection to form.

23 A. On the issue of selling at a discount?

24 Q. Yes.

13:37:34 25 A. I don't recall if Mr. Larsen had a

13:37:36 1 strong view one way or another on this issue.

2 Q. Do you remember discussing it with him?

3 A. I do generally remember having  
4 discussions about it, yes.

13:37:44 5 Q. Okay. And so you don't recall if he had  
6 a strong view.

7 Do you recall what his view was?

8 A. I remember discussing it, but I don't  
9 remember the substance of those discussions.

13:38:01 10 Q. These types of -- well, let me take a  
11 step back.

12 The -- the kind of sales that we're  
13 talking about here, I think they're referred to in  
14 the e-mail -- e-mail as "wholesale selling," is  
15 that right?

16 A. I see Patrick refers to it as "wholesale  
17 selling" in this e-mail.

18 Q. Okay. How did you refer to it during  
19 your time at Ripple?

13:38:28 20 A. I would refer to these as  
21 over-the-counter transactions --

22 Q. Okay.

23 A. -- or OTC.

24 Q. And was -- was there any kind of  
13:38:36 25 limitation in terms of -- of the size of -- of

13:38:38 1 these over-the-counter transactions while you were  
2 at Ripple?

3 MR. GULAY: Objection to form.

4 A. I had visibility to a limited number of  
13:38:52 5 the transactions that Ripple ultimately engaged in  
6 and so I'm not sure of the answer to that --

7 Q. Okay.

8 A. -- companywide.

9 Q. Were -- were these transactions  
13:38:59 10 generally large transactions?

11 MS. BUNTING: Objection.

12 A. In this e-mail thread, there's a team of  
13 people critical of the fact that a small  
14 transaction is being conducted over the counter  
13:39:20 15 and preferring them to be large transactions, and  
16 that was a view that I held at the time.

17 Q. Okay. So is it fair to say that when  
18 Ripple did engage in these types of  
19 over-the-counter transactions, it generally  
13:39:36 20 wouldn't have been for purposes of -- of currency  
21 exchange, meaning small amounts that someone would  
22 use on the Ledger?

23 MR. HORTON: Objection to form.

24 A. Could you repeat the question? I just  
13:39:51 25 didn't understand exactly what you mean.

13:39:53 1 Q. Sure.

2 Is it fair to say that when Ripple was  
3 engaging in these types of over-the-counter  
4 transactions, the sales of XRP, there were  
13:40:00 5 generally large bulk sales, not the types of  
6 small -- small volumes that someone who'd be using  
7 XRP as a bridge currency would -- would need?

8 MS. BUNTING: Objection.

9 MR. HORTON: Objection to form.

13:40:20 10 A. Again, I don't feel that I have the  
11 information at the time even -- and I certainly  
12 don't remember today, but didn't -- at the time  
13 did not have enough visibility into the totality  
14 of Ripple's transactions to understand that. The  
13:40:31 15 limited number of transactions I saw tended to be  
16 larger transactions.

17 I wouldn't agree that use of a bridge  
18 currency necessarily needs to be a small size. I  
19 think that could be a large or small size.

13:40:49 20 Q. What about the -- the transactions for  
21 preventing the -- the spam feature that you  
22 referred to? Would those be small or large?

23 MR. HORTON: Objection to form.

24 A. Generally speaking, those are very small  
13:41:02 25 amounts that are designed to be low value in

13:41:08 1 dollar terms, but then a user of the network --  
2 those fees scale to combat abuse. And so an  
3 attacker on the network would face escalating fees  
4 which could turn out to be very large dollar  
13:41:22 5 amounts and -- yeah.

6 MS. STEWART: And, Nicole, the  
7 next document is PR-35, which is Bates  
8 numbered RPLI\_SEC 0842611 through 614.

9 (Whereupon, exhibit is presented  
13:41:44 10 and marked SEC Rapoport Exhibit PR-35 for  
11 identification.)

12 (Pause)

13 A. Okay. I've reviewed this.

14 BY MS. STEWART:

13:44:17 15 Q. Okay. So I want to look at your e-mail  
16 which is on page 1 of the document at 5:52 a.m.

17 Do you see that?

18 A. Yes.

19 Q. And I believe, and -- and please confirm  
13:44:30 20 for me that you're responding to -- to some  
21 questions in -- in the previous e-mail from

22 [REDACTED]?

23 A. Yes, it appears that way.

24 Q. Okay. And who is Mr. [REDACTED]?

13:44:47 25 A. I don't recall interacting with this

13:44:49 1 person apart from seeing this e-mail. But I see  
2 in the e-mail signature that it says he worked for  
3 [REDACTED].

4 Q. And do you know what that is?

13:44:58 5 A. It's a venture capital firm.

6 Q. And you -- you here are responding to a  
7 question about the qualifications for wholesalers.  
8 Do you see that?

9 A. Yes.

13:45:11 10 Q. And as it's used in -- in this e-mail,  
11 the word "wholesaler," are you referencing the  
12 over-the-counter sales that we talked about a  
13 moment ago or something else?

14 A. I don't remember what I was -- my  
13:45:31 15 thought process when writing this e-mail, but I  
16 see that [REDACTED] used this terminology  
17 "wholesale recipients" later in the chain. It's  
18 not terminology that I would typically use  
19 independently, but I -- I suspect that I used his  
13:45:44 20 language to not cause confusion in an e-mail  
21 chain.

22 Q. Okay. But the type of transaction  
23 you're talking about is an over-the-counter  
24 transaction?

13:45:52 25 A. Correct.



13:45:52 1 Q. Okay. So you say in the second  
2 paragraph after the number 1, you say "In  
3 addition, we occasionally receive inquiries from  
4 individual investors looking to purchase large  
13:46:02 5 amounts of XRP with no intention to resell to  
6 third parties."

7 Do you see that?

8 A. Yes.

9 Q. So how many such inquiries do you recall  
13:46:10 10 having received while you were at Ripple?

11 A. Given that six, seven, eight years have  
12 passed, it's difficult for me to put a number on  
13 it even as an estimate. I'd be guessing. But I  
14 do remember that it did occur.

13:46:26 15 Q. Did it happen more than once?

16 A. Yes.

17 Q. Okay. And -- and did these investors  
18 express to you that they didn't have an intention  
19 to resell to third parties?

13:46:51 20 A. I believe this would be contrasting to  
21 someone who's explicitly saying they intend to  
22 sent to third -- sell to third parties, but I  
23 don't recall having any kind of guarantee or  
24 written agreement with somebody that they wouldn't  
13:47:03 25 do that.

13:47:04 1 Q. Meaning that there were some investors  
2 who specifically told you that they did intend to  
3 sell to third parties and there were some who  
4 didn't tell you one way or the other?

13:47:12 5 A. In this e-mail thread, it talks about  
6 people who were "resellers." And so I believe  
7 this sentence is contrasting a purchaser who  
8 doesn't intend to resell with someone who is  
9 explicitly saying they are going to resell to  
13:47:32 10 third parties.

11 Q. Okay. And -- and would you say that  
12 most of the -- the individuals and firms you were  
13 interacting with expressed to you that they did  
14 intend to -- to resell the XRP?

13:47:43 15 MR. HORTON: Objection to form.

16 A. Too difficult for me to remember  
17 specifics to really give an accurate answer to  
18 that.

19 Q. Did -- did Ripple place any restrictions  
13:47:59 20 on the resale of XRP by these individuals and  
21 firms that you were interacting with?

22 MR. GULAY: Objection;  
23 foundation.

24 A. I recall certain discussions about  
13:48:15 25 "lockups," but I was not aware of any mechanism

13:48:20 1 for Ripple Labs to enforce that.

2 Q. Were you aware of instances where the  
3 lockup requirement was disregarded by the XRP  
4 recipient?

13:48:34 5 MR. HORTON: Objection to form.

6 A. I can't think of any instance like that.

7 Q. Okay. You say in the next paragraph in  
8 your e-mail "This wholesale revenue has been a  
9 reliable stream of funding for RL."

13:48:46 10 Do you see that?

11 A. Yes, I do see it.

12 Q. Okay. And when you say "RL," you're  
13 referring to Ripple Labs?

14 A. Yes.

13:49:06 15 Q. So was -- was Ripple using the -- the  
16 revenues from over-the-counter XRP sales to fund  
17 its business?

18 A. I did not have visibility into the  
19 monthly or even six-month or annual financial  
13:49:27 20 situation of the company; but based on this e-mail  
21 and some of the others that you've shown me, it  
22 seems reasonable to assume that was the case.

23 Q. Well, at the time that you wrote this  
24 e-mail, what was your basis for it?

13:49:41 25 A. I don't recall.

13:49:43 1 Q. Okay. Then you say "After a Series A  
2 round, we are contemplating to discontinue the  
3 wholesale activities, as there will be less  
4 short-term funding concerns."

13:49:55 5 Do you see that?

6 A. I do.

7 Q. Okay. What is a Series A round?

8 A. A Series A round is a venture capital  
9 funding round that typically follows a seed round.

13:50:08 10 Q. Okay. And was there, at this time in  
11 2014, a Series A round?

12 A. A Series A round did occur. I don't  
13 recall the timing of that without researching it.

14 Q. And -- and is it -- is it accurate  
13:50:23 15 that -- that Ripple was -- was contemplating  
16 discontinuing over-the-counter sales after this  
17 Series A round as you say here in your e-mail?

18 A. I don't have independent recollection of  
19 that, but in PR-27, [REDACTED] says "Post A round  
13:50:39 20 I think is the key," and that implies that that  
21 was the case.

22 THE REPORTER: I'm sorry. Can  
23 you repeat that answer?

24 A. I said I don't have a independent  
13:50:44 25 recollection of that, but in Exhibit PR-27, [REDACTED]

13:50:48 1 [REDACTED] says "Post A round I think is the key," and  
2 that implies that that's true.

3 Q. And did Ripple, in fact, stop doing  
4 over-the-counter sales after the Series A round?

13:50:58 5 MR. HORTON: Objection to form.

6 A. I don't recall and I don't believe I  
7 would have had the information available when I  
8 was an employee.

9 Q. You go on to say "We think this will  
13:51:15 10 have two positive effects." We -- "One, we will  
11 push all XRP demand into the market which will  
12 have a positive impact on the price, and, two,  
13 this will add to market volumes."

14 Do you see that?

13:51:25 15 A. Yes.

16 Q. And is this similar to what we were  
17 talking about earlier about -- about increasing  
18 both price and volume and therefore increasing  
19 liquidity of XRP?

13:51:37 20 A. Yes, this is the same concept we  
21 discussed earlier.

22 Q. Okay. And later in this e-mail on this  
23 page, sort of the second-to-last paragraph, the  
24 last sentence, you say "In order to fix this  
13:52:11 25 issue, we have now discontinued the discount. We

13:52:14 1 now sell XRP to wholesalers at the market price."

2 Do you see that?

3 A. Yes.

4 Q. Okay. And was this accurate at this  
13:52:21 5 time in August 2014?

6 A. I don't recall. I assume that I  
7 believed it to be accurate when I wrote the  
8 sentence.

9 MS. STEWART: Okay. The next  
13:52:49 10 exhibit is PR-32.

11 (Whereupon, exhibit is presented  
12 and marked SEC Rapoport Exhibit PR-32 for  
13 identification.)

14 MS. STEWART: And this Exhibit 32  
13:53:04 15 is Bates numbered [REDACTED] Ripple 0002422  
16 through 428.

17 (Pause)

18 A. Okay. I've reviewed this.

19 BY MS. STEWART:

13:56:58 20 Q. Okay. Who's [REDACTED]?

21 A. [REDACTED] is the founder and I  
22 believe the CEO of [REDACTED].

23 Q. And what is [REDACTED]?

24 A. [REDACTED] has a variety of  
13:57:17 25 businesses, but I think it's primarily known for

13:57:19 1 being a -- the best venture capital firm these  
2 days.

3 Q. Well, did [REDACTED] have a  
4 relationship with Ripple Labs?

13:57:29 5 A. My understanding is that [REDACTED]  
6 was a seed investor in Ripple Labs.

7 Q. So in the very bottom e-mail in this  
8 chain, which is a July 19, 2014 e-mail from  
9 Mr. Larsen to Mr. [REDACTED] and you, Mr. Larsen lays  
13:57:51 10 out what he calls "the terms we're using now for  
11 large blocks of XRP."

12 Do you see that?

13 A. Yes.

14 Q. And he goes on to say "We are in the  
13:58:03 15 process of putting together a block purchase for  
16 some hedge fund investors with these same terms.  
17 Our thinking behind the discount/lockup is to  
18 reward investors who share our long-term view."

19 Do you see that?

13:58:16 20 A. Yes.

21 Q. Okay. Do you know what Mr. Larsen is  
22 referring to when he says "a block purchase for  
23 some hedge fund investors with these same terms"?

24 A. I have a vague and general recollection  
13:58:33 25 of discussing a transaction with a group of hedge

13:58:39 1 fund investors, but I don't believe it ever moved  
2 forward.

3 Q. And was -- was that -- was that  
4 discussion around the same time in 2014?

13:58:47 5 A. It's difficult for me to say the timing  
6 with certainty, but I think that makes sense.

7 Q. And was the -- was the purpose of the  
8 transactions that you were discussing at that time  
9 with hedge fund investors, was the purpose to  
13:59:03 10 reward investors who shared Ripple's long-term  
11 view?

12 MR. HORTON: Objection to form.

13 A. I think the purpose would have been to  
14 provide a vehicle for people to get exposure to  
13:59:24 15 the price of XRP.

16 Q. What was Ripple's long-term view in  
17 2014?

18 MR. HORTON: Objection to form.

19 A. I don't -- can't speak for the views of  
13:59:43 20 all the different individuals at the company; but  
21 I shared my personal view, which is that there was  
22 a high probability of going to zero and a low  
23 probability of an exponentially high outcome.

24 Q. Do you know what Mr. Larsen's view was  
13:59:56 25 about -- what Mr. Larsen's long-term view was for



13:59:58 1 Ripple?

2 A. I don't know his view.

3 Q. And when you spoke two answers ago about  
4 your personal view of the high probability of  
14:00:18 5 going to zero and the low probab -- probability of  
6 an exponentially high outcome, you were referring  
7 to the price of XRP?

8 MR. HORTON: Object to the form.

9 A. I would -- that view applies to both the  
14:00:33 10 price of XRP, Ripple Labs, Inc., and in general  
11 any early stage investment where there's potential  
12 for high outcomes. I think risk and reward are  
13 related. And you don't see 100X potential  
14 outcomes without a high probability of going to  
14:00:50 15 zero.

16 Q. Okay. Now, the -- the terms that  
17 Mr. Larsen is laying out in his e-mail here  
18 include a two-year lockup.

19 Do you see that?

14:00:58 20 A. Yes.

21 Q. Okay. And what was the purpose of -- of  
22 this lockup?

23 MR. GULAY: Objection;  
24 foundation.

14:01:06 25 A. I can't be certain what Chris meant when

14:01:08 1 he wrote this e-mail; but in general, as we  
2 discussed earlier, it was problematic to sell XRP  
3 at a discount without a lockup because the buyer  
4 would be attempted to go and sell at the market  
14:01:23 5 price after purchasing at a discount pretty  
6 shortly thereafter.

7 Q. So did the lockup allow Ripple to  
8 control the liquidity of XRP?

9 MR. HORTON: Objection to form.

14:01:35 10 MR. GULAY: Objection;  
11 foundation.

12 MS. BUNTING: Objection.

13 A. My understanding of the purpose of this  
14 type of lockup is to prevent the discounted buyer  
14:01:46 15 from immediately harming both the liquidity and  
16 the price in the market.

17 Q. Okay. Going to your e-mail on the very  
18 first page of this document, PR-32, sort of in the  
19 middle of the page, you say "This is partially why  
14:02:08 20 we're interested in selling a block of XRP to  
21 hedge fund investors for future funding (as  
22 opposed to selling equity to VC investors)."

23 Do you see that?

24 A. Yes.

14:02:19 25 Q. And then you say "We think the HF

14:02:21 1 investor class will pay closer to market price in  
2 exchange for a more defined (two-year) lockup  
3 term, while also not diluting RL equity holders."

4 Do you see that?

14:02:33 5 A. Yes.

6 Q. Okay. What did you mean by that  
7 sentence?

8 A. If a publicly traded gold company had a  
9 market capitalization of a billion dollars but  
14:02:48 10 held gold holdings of fifty billion dollars, I  
11 think prudent management, if it needed to raise  
12 money, would sell the gold assets rather than  
13 diluting equity holders. And I viewed the same to  
14 be true for Ripple Labs at this point in time  
14:03:07 15 based on this e-mail.

16 Q. And your reference in the first sentence  
17 to "a block of XRP to hedge fund investors," these  
18 are over-the-counter transactions that you're  
19 referring to?

14:03:26 20 A. This was a hypothetical transaction  
21 which was discussed in various formats, but I  
22 don't believe it ever proceeded.

23 Q. And then you go on to say "Side note:  
24 If you're contemplating an XRP investment vehicle  
14:03:42 25 for outside investors, this is something we'd love

14:03:45 1 to cooperate with you on. We're already in motion  
2 here."

3 Do you see that?

4 A. Yes.

14:03:49 5 Q. What did you mean by "We're already in  
6 motion here"?

7 A. We had ongoing thought process and  
8 discussion around how that might look, but I would  
9 describe it as fairly exploratory in early stages  
14:04:07 10 based on my recollection and based on the fact  
11 that I don't believe it ever proceeded.

12 Q. It never proceeded with Mr. [REDACTED]  
13 firm or -- or more generally?

14 A. What I was ref -- referencing in this  
14:04:19 15 e-mail never proceeded.

16 Q. Okay. What were you referencing in this  
17 e-mail?

18 A. Some form of vehicle which would allow a  
19 number of hedge fund investors to get exposure to  
14:04:33 20 the price of XRP.

21 Q. And were you in discussions with one or  
22 more firms about such vehicle at this time?

23 A. Over the time -- over my tenure at the  
24 company, I had discussions with a number of firms  
14:04:55 25 about this topic and similar topics. I don't

14:04:58 1 recall at this point in time how many firms or who  
2 I was speaking with.

3 Q. Would the purpose of this kind of fund  
4 be to speculate on the price of XRP?

14:05:11 5 MR. HORTON: Objection.

6 MR. GULAY: Objection.

7 MS. BUNTING: Objection.

8 A. Any time someone owns an asset that  
9 fluctuates in price, I would call that speculating  
14:05:30 10 on the price of the asset. So if the purpose of  
11 this hypothetical structure was to provide  
12 exposure to the price of XRP, then the answer is  
13 yes.

14 Q. At the top of this e-mail, in response  
14:06:02 15 to a question that I think you had copied over  
16 from Mr. [REDACTED], where it says "What has" ribble  
17 -- "Ripple Labs communicated publicly about the  
18 plans for the 72 billion XRP held by the company?"  
19 Do you see that question?

14:06:17 20 A. Yes.

21 Q. And then you copy in a response, a  
22 paragraph here that starts with "Distributing  
23 value is a powerful way to incentivize certain  
24 behaviors."

14:06:25 25 Do you see that?

14:06:25 1 A. Yes.

2 Q. Is it accurate that -- that this  
3 statement that you have in your e-mail was -- was  
4 communicated publicly by Ripple?

14:06:34 5 A. Yes, I believe this was a copy-paste  
6 from the public-facing website.

7 Q. Okay.

8 MR. HORTON: Counsel, can we take  
9 a break?

14:06:48 10 MS. STEWART: Sure.

11 THE VIDEOGRAPHER: Going off the  
12 record at 2:06.

13 (Whereupon, a recess is taken.)

14 THE VIDEOGRAPHER: We're back on  
14:19:00 15 at 2:19.

16 MS. STEWART: Can we go off the  
17 record for a second?

18 THE VIDEOGRAPHER: Going off at  
19 2:19.

14:19:17 20 (Pause)

21 THE VIDEOGRAPHER: Okay. Back  
22 on, 2:19.

23 MS. STEWART: Okay. So we're  
24 going to hand out two exhibits, Exhibits  
14:19:41 25 PR-36 and PR-37.

14:19:45 1 (Whereupon, exhibit is presented  
2 and marked SEC Rapoport Exhibit PR-36 for  
3 identification.)

4 (Whereupon, exhibit is presented  
14:19:45 5 and marked SEC Rapoport Exhibit PR-37 for  
6 identification.)

7 MS. STEWART: And PR-36 is Bates  
8 numbered RPLI\_SEC 842466 through 467. And  
9 PR-37 is Bates numbered RPLI\_SEC 539465  
14:20:03 10 through 511.

11 (Pause)

12 A. I briefly reviewed it.

13 BY MS. STEWART:

14 Q. I'm sorry?

14:24:45 15 A. I -- I didn't review the whole thing,  
16 but I reviewed it generally.

17 Q. Okay. Okay. So looking first at  
18 Exhibit 37, can you tell me what this document is?

19 A. This was a more in-depth primer aimed at  
14:24:59 20 the finance professionals as the title implies.

21 Q. Okay. And were you an author of this  
22 document?

23 A. Yes.

24 Q. What was the purpose of this document?

14:25:17 25 A. In contrast to the prior document, which

14:25:19 1 I think was gener -- the prior primer we looked  
2 at, which was generally geared towards any  
3 nontechnical person that wanted to learn about  
4 Ripple, this was a more in-depth document intended  
14:25:32 5 for an audience that is a financial professional,  
6 someone that works in financial markets --

7 Q. Okay.

8 A. -- or banking.

9 Q. And whose idea was it to create this  
14:25:42 10 document?

11 A. I can't remember whose idea it was  
12 initially.

13 Q. Did anyone direct you to create this  
14 document?

14:25:58 15 A. I can't remember if it was a purely  
16 self-starting idea, but -- I don't remember  
17 whether or not I was directed to create it or not.

18 Q. Who actually, you know, wrote the words  
19 in the document?

14:26:21 20 A. I was the primary author, but a number  
21 of people collaborated on it.

22 Q. Okay. Who is [REDACTED]?

23 A. He was someone I engaged as a consultant  
24 that I knew from his role as a research analyst on  
14:26:37 25 Wall Street.



14:26:41 1 THE REPORTER: From?

2 THE WITNESS: On Wall Street.

3 Q. And was Mr. [REDACTED] at [REDACTED]?

4 A. Yes.

14:26:46 5 Q. Okay. How did he contribute to this  
6 document?

7 A. He wrote pieces of it.

8 Q. Okay. And Patrick Griffin is listed as  
9 an author on the last page of the document, on  
14:26:56 10 page 47.

11 Do you see that?

12 A. Yes.

13 Q. What was his role in creating this  
14 document?

14:27:01 15 A. He provided feedback and input on the  
16 document.

17 Q. So before this document was finalized,  
18 who at Ripple reviewed the document?

19 A. Patrick certainly did. I don't recall  
14:27:23 20 if others did as well.

21 Q. Did everyone listed as an author on the  
22 document on page 47 review it?

23 A. Yes.

24 Q. Okay. Did Mr. Larsen review the  
14:27:43 25 document before it was finalized?

14:27:44 1 A. I don't --

2 MS. BUNTING: Objection.

3 A. I don't recall whether he did or didn't.

4 Q. Do you -- do you recall discussing the  
14:27:51 5 document with Mr. Larsen?

6 A. I don't recall whether I did or didn't.

7 Q. Did you discuss the document with  
8 Mr. Griffin?

9 A. Yes.

14:28:01 10 Q. And what did you discuss with  
11 Mr. Griffin?

12 A. I discussed the substance and concepts  
13 of the document extensively with him. It took  
14 a -- a long time to write as you can imagine.

14:28:15 15 Q. How long did it take?

16 A. I can't say exactly, but it's a 45-page  
17 document.

18 Q. So several weeks?

19 A. The work continued over the period of  
14:28:24 20 several weeks, yes.

21 Q. Okay. And did you distribute this  
22 document to -- to potential investors?

23 MR. GULAY: Objection to form.

24 MR. HORTON: Objection.

14:28:36 25 A. The intended audience was people in

14:28:39 1 finance and banking who wanted to learn about the  
2 Ripple technology, so we distributed it to that  
3 audience and I believe it was also publicly  
4 available for people that wanted to download it  
14:28:52 5 online.

6 Q. Where was it publicly available?

7 A. If I recall correctly, it was on  
8 ripple.com behind the prompts where you have to  
9 put your e-mail address in.

14:29:03 10 Q. Okay. And this audience that you're  
11 referring to who wanted to learn about the Ripple  
12 technology, how large an audience was this?

13 A. Hundreds of people.

14 Q. Did you distribute this document to  
14:29:17 15 those hundreds of people?

16 A. People could pull it down from the  
17 website proactively and we also actively  
18 distributed it to a large number of people.

19 Q. Do you know how large a number you  
14:29:32 20 distributed the document to actively?

21 A. I would say over a hundred, but I --  
22 that's an estimate given how much time has passed.

23 Q. Did you discuss with Mr. Larsen that  
24 this document was being broadly distributed?

14:29:47 25 MS. BUNTING: Objection.

14:29:56 1 A. I don't recall whether I discussed this  
2 document with Mr. Larsen.

3 Q. Did you -- did you mention a minute ago  
4 that -- that people had to input their e-mail into  
14:30:08 5 the Ripple address --

6 A. Yes.

7 Q. -- the Ripple website to pull this  
8 document?

9 A. Yes.

14:30:12 10 Q. Did Ripple collect those e-mail  
11 addresses?

12 MR. GULAY: Objection.

13 A. I'm not sure if they did or didn't.

14 Q. So looking now at Exhibit 36, is this an  
14:30:28 15 instance of you actively distributing this  
16 document?

17 A. Yes.

18 Q. Okay. And -- and what is [REDACTED]

19 [REDACTED]?

14:30:37 20 A. It is a market-making firm.

21 Q. And at the time that you sent this  
22 document to [REDACTED], did Ripple have a  
23 relationship with [REDACTED]?

24 MR. GULAY: Objection. What do  
14:30:50 25 you mean by "a relationship with"?

14:30:52 1 MS. STEWART: I mean a business  
2 relationship.

3 A. [REDACTED] was a market maker on the  
4 Ripple network that received compensation in  
14:31:01 5 exchange for market-making services. I don't  
6 recall as of this date whether that relationship  
7 was formalized or not without looking into it  
8 further.

9 Q. Okay. And why did you send this  
14:31:11 10 document to [REDACTED]?

11 A. I believed this was a relevant document  
12 for anyone in banking or finance that had an  
13 interest in Ripple to see.

14 Q. Okay. Now I want to go through some of  
14:31:35 15 the statements in the document itself. So back to  
16 PR-37.

17 MR. GULAY: I just want to point  
18 out for the record that PR-37 is not  
19 attached to PR-36 and PR-36 only contains  
14:31:50 20 a link to the report and PR-37 is a  
21 stand-alone report that may or may not be  
22 the final version.

23 MR. HECKER: I'll just add that  
24 PR-37 appears to postdate the e-mail in  
14:32:04 25 PR-36. PR-36 is an August date and PR-37

14:32:09 1 is a September date.

2 BY MS. STEWART:

3 Q. Okay. Mr. Rapoport, having reviewed  
4 PR-37, is there anything in the document that  
14:32:17 5 makes you think that this is not the final  
6 version?

7 A. The different dates in August of 2014,  
8 the e-mail, and September 2014 on the document,  
9 lead me to believe that this was a living document  
14:32:37 10 and that there was a continued iteration after the  
11 first publicly released version.

12 Q. Did you continue to edit the document  
13 after the first publicly released version?

14 A. I don't recall specifically, but it  
14:32:47 15 likely would have been me.

16 Q. Do you recall making significant changes  
17 to the document after its first public  
18 distribution?

19 A. I don't remember the number of changes  
14:32:58 20 and how material they were.

21 Q. Okay. So as we go through this -- this  
22 version that we've marked PR -- PR-37, I'll ask  
23 you if you do recall changes that occurred after  
24 this document, if you can just tell me -- tell me  
14:33:11 25 what those changes were. Okay?

14:33:12 1 A. Okay. I'm unlikely to recall specifics  
2 of changes.

3 Q. Understood.

4 Okay. So if we can first look at page  
14:33:29 5 17 of the document, which is Bates numbered 481.

6 Okay. So here in the -- in the third  
7 paragraph -- or I guess the fourth paragraph that  
8 starts with "Historically," do you see that?

9 A. Yes.

14:34:08 10 Q. So here it says, the second sentence,  
11 "The Ripple protocol, however, could in fact be  
12 monetized through its native currency, XRP."

13 Do you see that?

14 A. Yes.

14:34:19 15 Q. Did you write this sentence?

16 A. There were multiple authors so I'm not  
17 certain who wrote what text, but I was a primary  
18 author on the paper.

19 Q. Okay. Was this sentence accurate as of  
14:34:34 20 2014?

21 A. It's a little awkwardly worded. I'm not  
22 totally sure what the intention of the word  
23 "monetized" was here, so I'm having trouble saying  
24 whether it's accurate.

14:35:50 25 Q. Are you done with your answer or are you

14:35:52 1 thinking?

2 A. I find it difficult to answer that  
3 question with a yes/no.

4 Q. Okay. What is -- sitting here today  
14:36:00 5 reading this, what's your understanding of what  
6 this sentence is trying to say?

7 A. I'll read the preceding sentence. The  
8 preceding sentence says "Historically, information  
9 protocols, like http and SMTP, were impossible to  
14:36:18 10 monetize directly. Ripple Labs is not a financial  
11 service provider and thus does not charge for  
12 using the network. The Ripple protocol, however,  
13 could, in fact, be monetized through its native  
14 currency, XRP."

14:36:30 15 I think the intent of this paragraph or  
16 those three sentences is to indicate that http and  
17 SMTP did not have a native asset that someone  
18 could purchase within those -- within those  
19 protocols and the Ripple protocol does have an  
14:36:44 20 asset that someone can purchase as part of that --  
21 as part of the protocol.

22 Q. Okay. So an asset that someone could  
23 purchase and -- and make money off of?

24 A. It's an asset that fluctuates in price,  
14:37:00 25 so, yes.



14:37:03 1 Q. Going back up to the paragraph that  
2 starts with "First" on the same page.

3 A. Yes.

4 Q. So you say "Ripple Labs" -- or the  
14:37:11 5 document says, I should say. The document says  
6 "Ripple Labs builds new tools to allow developers  
7 to build user friendly applications."

8 Do you see that?

9 A. Yes.

14:37:20 10 Q. And was this statement accurate at the  
11 time?

12 A. Yes.

13 Q. And then that paragraph goes on to say  
14 "Ripple Labs pursues partnerships to expand the  
14:37:31 15 Ripple network of financial institutions, users  
16 and market makers, providing APIs to access the  
17 protocol."

18 Do you see that?

19 A. Yes.

14:37:37 20 Q. And was this sentence accurate at the  
21 time?

22 A. Yes.

23 Q. And the next paragraph says "Ripple Labs  
24 has raised capital from some of the leading  
14:37:46 25 venture capital and technology firms."

14:37:48 1 Do you see that?

2 A. Yes.

3 Q. And was this sentence accurate at the  
4 time?

14:37:51 5 A. Yes.

6 Q. And the next sentence that says "In  
7 addition, Ripple Labs continues to" address --  
8 "attract a diverse set of talented individuals."

9 Do you see that sentence?

14:38:02 10 A. Yes, I do.

11 Q. Was this sentence accurate at the time?

12 A. Yes.

13 Q. Okay. And then going to the last  
14 paragraph on this page, "Ripple Labs plans to

14:38:12 15 retain 25 percent of all XRP issued to fund  
16 operations (and hopefully turn a profit) and  
17 distribute the rest to incent the participation of  
18 market makers, gateways, and consumers to utilize  
19 the protocol."

14:38:26 20 Do you see that?

21 A. I do.

22 Q. And was this sentence accurate at the  
23 time?

24 A. Yes.

14:38:36 25 Q. And then it goes on to say "Given that

14:38:38 1 there is a finite number of XRP, as demand for XRP  
2 grows, the value of XRP should appreciate."

3 Was this sentence accurate at the time?

4 A. I think that's a logically true sentence  
14:38:48 5 ahead of time, yes.

6 Q. Okay. And then the paragraph closes  
7 with "In this manner, Ripple Labs believes that  
8 its incentives are aligned with those of protocol  
9 users - both want the protocol to reach its full  
14:39:00 10 potential and scale."

11 Do you see that?

12 A. Yes.

13 Q. Okay. And was this sentence accurate at  
14 the time?

14:39:06 15 A. I believe so, yes.

16 Q. Okay. Do you recall discussing what  
17 we're seeing on this page under "An Overview of  
18 Ripple Labs" with anyone else at Ripple?

19 A. I don't have specific recollection of  
14:39:28 20 discussing this text, but as I mentioned earlier,  
21 Patrick Griffin played an active role in reviewing  
22 and -- and authoring this document as well.

23 Q. Do you have any reason to believe that  
24 anyone at Ripple did not agree that Ripple Labs'  
14:39:42 25 incentives were aligned with those of the

14:39:46 1 protocol's users?

2 A. I don't know whether others at the  
3 company did or did not believe that at the time.

4 Q. Did you discuss that issue with anyone  
14:39:54 5 at the company?

6 A. To the extent Patrick reviewed all this  
7 text and worked with me to publish this paper, the  
8 two of us certainly discussed it. I don't recall  
9 specific discussions about this outside of that.

14:40:09 10 Q. And when -- when it says in this  
11 paragraph "users of the protocol," does that  
12 include speculators?

13 A. I think a speculator could be  
14 categorized as a type of user, yes.

14:40:35 15 Q. Okay. If you can turn to page 23 next,  
16 which is Bates numbered 487, and I want to look at  
17 the first paragraph on that page, the middle  
18 sentence, that says "Ripple Labs' business model  
19 is predicated on a belief that demand for XRP will  
14:40:56 20 increase (resulting in price appreciation) if the  
21 Ripple protocol becomes widely adopted."

22 Do you see that?

23 A. I do.

24 Q. Okay. Was that sentence accurate at the  
14:41:06 25 time?

14:41:19 1 A. At the inception of the company that  
2 sentence was accurate. Over time Ripple Labs  
3 developed other business models as well, but I  
4 assume that it was true at the time the paper was  
14:41:29 5 written since we published it.

6 Q. And what was your understanding, as you  
7 described here, about Ripple's business model  
8 based on?

9 A. I'm sorry, could you repeat that?

14:41:40 10 Q. The -- the understanding that's  
11 reflected in this sentence about Ripple Labs'  
12 business model, what is that based on?

13 A. At the inception of the company, there  
14 was no other clear monetization strategy. I think  
14:42:04 15 the earliest investors in the company believed  
16 that Ripple Labs was going to develop a -- further  
17 develop the Ripple protocol and that that may  
18 result in demand for XRP and that the asset on  
19 Ripple Labs' balance sheet may appreciate.

14:42:28 20 Q. And in 2014 did that continue to be  
21 Ripple's business model?

22 A. The specific timing of additional  
23 revenue streams in businesses is difficult for me  
24 to -- to recall with certainty, but over time  
14:42:43 25 other consulting and software serve -- and

14:42:45 1 services businesses became viable revenue streams.

2 Q. And what were those services and  
3 businesses?

4 A. We often looked at Red Hat and Linux as  
14:43:11 5 two analogous concepts where Linux is an  
6 open-source software that's developed by a  
7 community of -- of users throughout the world and  
8 Red Hat is a service provider that's engaged by  
9 companies that deploy Linux to provide consulting  
14:43:28 10 and advisory services. And we felt that Ripple  
11 Labs could play a similar role for financial  
12 institutions that wanted to employ the open-source  
13 Ripple protocol.

14 Q. And did -- did Ripple, in fact, play  
14:43:49 15 such a role for financial institutions?

16 A. My role at the company was focused on  
17 market makers and liquidity, and so I -- I did not  
18 negotiate or have visibility into revenue from  
19 consulting from financial institutions, but my  
14:44:11 20 understanding is that that was occurring, yes.

21 Q. Okay. Turning to page 25, which is  
22 Bates numbered 489. So I want to look at the  
23 paragraph under the title "Future Demand  
24 Potential."

14:44:36 25 So here it says "The Ripple network is

14:44:38 1 still in its infancy and relatively unknown."

2 Do you see that?

3 A. Yes.

4 Q. Was this accurate at the time?

14:44:44 5 A. On a global scale, yes, that's true.

6 Q. Is it not true on some other scale?

7 A. In the cryptocurrency or digital asset  
8 community, it was very well known; but on the  
9 global financial stage, it was in its infancy.

14:44:56 10 Q. Okay. Then it goes on to say "Likewise,  
11 XRP is still fairly complicated for average users  
12 to acquire or even completely inaccessible in many  
13 parts of the world."

14 Was that an accurate statement at the  
14:45:10 15 time?

16 A. I believe so, yes.

17 Q. And then it goes on to say "Increased  
18 exposure and a more global network of Ripple  
19 gateways could result in increased speculative  
14:45:18 20 interest, which may have significant impacts on  
21 price."

22 Do you see that?

23 A. Yes.

24 Q. And was this accurate at the time?

14:45:26 25 A. Yes.

14:45:27 1 Q. And when -- when the document refers to  
2 "significant impacts on price," is that positive  
3 or negative impacts or both?

4 A. I think it deliberately omits whether  
14:45:36 5 that's positive or negative.

6 THE REPORTER: Repeat, please.

7 A. I think it deliberately omits whether  
8 it's a positive or a negative impact on price.

9 Q. Okay. So would the impact be positive  
14:45:49 10 or negative?

11 A. It could be either.

12 Q. Then it goes on to say "Speculative  
13 demand and bullish expectations for the future  
14 were enough to send XRP and BTC total market  
14:46:06 15 capitalization to over \$6 billion and \$23 billion  
16 in Q4 2014 respectively."

17 Do you see that?

18 A. Yes.

19 Q. Okay. And was that sentence accurate at  
14:46:14 20 the time?

21 A. Without checking the numbers, I assume  
22 it's accurate if we published it.

23 Q. Okay. And then it goes on to say "If  
24 the Ripple protocol becomes the backbone for  
14:46:22 25 global value transfer, Ripple Labs expects the



14:46:25 1 demand for XRP to be considerable."

2 Do you see that?

3 A. Yes.

4 Q. Okay. So what is the purpose of -- of  
14:46:35 5 this section of this report under "Future Demand  
6 Potential"?

7 A. It's difficult for me to recall the  
8 intent, you know, or thought process in writing  
9 specific paragraphs of a 45-page paper; but, in  
14:47:13 10 general, our narrative in speaking about the  
11 Ripple protocol focused on a clearing settlement  
12 and value transfer and using technology for that  
13 purpose.

14 But after hundreds of meetings, we were  
14:47:32 15 definitely aware that XRP was a topic that  
16 frequently came up in conversations and we were  
17 likely responding to common questions and topics  
18 that we fielded after hundreds of meetings on the  
19 topics.

14:47:50 20 Q. And did those common questions include  
21 questions about the value of XRP?

22 A. Despite our deliberate intent to focus  
23 on the technology and value transfer, frequently  
24 people ask about XRP and our views on XRP in  
14:48:09 25 meetings.

14:48:11 1 Q. Okay. What was the purpose of making  
2 this document available to the public on Ripple's  
3 website?

4 A. The purpose of making anything public on  
14:48:36 5 the website was to reach an audience that we  
6 didn't necessarily have direct contact with.

7 Q. Okay. So turning now to page 43 of the  
8 document, Bates numbered 5307, and looking at the  
9 section "Regulation Remains Unclear."

14:49:17 10 Do you see that?

11 A. Yes.

12 Q. Okay. So here the document says "As  
13 with other settlement protocols which involve a  
14 digital currency, regulatory uncertainty remains a  
14:49:26 15 big hurdle for wide adoption of Ripple.

16 Regulators in the U.S. and abroad are increasingly  
17 taking steps to understand, contextualize and  
18 regulate digital currencies. As a result, it is  
19 still unclear how regulation will ultimately look  
14:49:39 20 and how burdensome it will be on digital currency  
21 protocols and users."

22 Do you see that?

23 A. Yes.

24 Q. Is this statement accurate as of 2014?

14:49:46 25 A. Yes.

14:49:46 1 Q. Okay. Did you discuss this paragraph  
2 with anyone before this document was finalized?

3 MR. HORTON: I just want to  
4 clarify for the witness that excludes  
14:49:56 5 conversations you've had with lawyers.

6 A. The answer is the same as the other  
7 discussions about this document, which is that I  
8 recall discussing it with Patrick Griffin in his  
9 role as a reviewer and -- and author. I don't  
14:50:11 10 recall specific other conversations about this  
11 document with others at the firm.

12 Q. Okay. The next paragraph starts "Though  
13 the Ripple protocol is very different from other  
14 digital currency protocols, it is unclear whether  
14:50:24 15 regulation will distinguish between protocols or  
16 regulate all digital currencies under one broad  
17 brush."

18 Do you see that?

19 A. Yes.

14:50:31 20 Q. What is the statement based on?

21 MR. GULAY: Same instruction on  
22 your discussions with counsel. To the  
23 extent this is based on your discussions  
24 with counsel, you should exclude that from  
14:50:47 25 your answer.

14:51:00 1 A. Can you repeat the question, please?

2 Q. What was this sentence that I just read  
3 based on?

4 A. The statement that the Ripple protocol  
14:51:13 5 is very different from other digital currency  
6 protocols is based on the fact that Ripple -- the  
7 Ripple protocol includes a decentralized exchange  
8 and the ability to have assets created by  
9 third-party issuers on the platform, whereas all  
14:51:31 10 other digital currency protocols that I was aware  
11 of at the time had only one native digital asset  
12 and no decentralized exchange or ability for  
13 issuers to create new assets.

14 Q. And what about the part -- part of the  
14:51:43 15 sentence that says "it is unclear whether  
16 regulation will distinguish between the protocols  
17 or treat them all the same"? What was that based  
18 on?

19 MR. HORTON: Same instruction.

14:52:07 20 A. I don't recall the specific thought  
21 process when writing this sentence, but I read  
22 that to be a general risk statement that I think  
23 would be prudent to write about any digital asset  
24 at the time or today even.

14:52:24 25 Q. Moving on to page 45, which is Bates

14:52:26 1 numbered 50 -- 509, and in the section "The Role  
2 of XRP," the middle sentence in that paragraph  
3 says --

4 A. I'm sorry, which page?

14:52:38 5 Q. Sorry. Page 45.

6 A. Forty-five.

7 Q. So under "The Role of XRP."

8 A. Yes.

9 Q. The middle sentence says "Over time, if  
14:52:46 10 the Ripple protocol becomes widely adopted, demand  
11 for XRP may increase, leading to an increase in  
12 price."

13 Do you see that?

14 A. Yes.

14:52:53 15 Q. And was this sentence accurate at the  
16 time?

17 A. Yes.

18 Q. Okay. And why did you include this  
19 sentence in this sort of conclusion page of this  
14:53:05 20 document?

21 A. It's difficult for me to recall the  
22 thought process of how we structured the document.

23 Q. Is it fair to say that given that it was  
24 included in the conclusion page, that it's a --  
14:53:26 25 it's an important piece of information?

14:53:28 1 MR. HORTON: Objection to form.

2 A. I do think XRP is an important piece of  
3 the Ripple protocol.

4 Q. Well, what about the idea that if the  
14:53:57 5 protocol becomes widely adopted, demand for XRP  
6 may increase leading to an increase in price? Is  
7 that idea an important part of what you were  
8 conveying in this document?

9 A. I think it accurate -- I think it  
14:54:11 10 accurately captures our view that wide adoption of  
11 the Ripple protocol may or may not involve XRP  
12 price appreciation and our view that use of the  
13 Ripple protocol as a settlement layer may or may  
14 not lead to an increase in XRP price.

14:54:35 15 Q. Well, but you don't say here may or may  
16 not. You say it may increase, leading to an  
17 increase in price, right?

18 MR. HORTON: Objection to form.

19 A. That is what the page says.

14:54:50 20 Q. Okay. So were you trying to convey here  
21 that if the Ripple protocol is adopted, that could  
22 mean that XRP will become more valuable?

23 MR. GULAY: Objection to form.

24 A. I think it's accurate in saying that  
14:55:10 25 that is a possibility.

14:55:13 1 Q. Is there a possibility where the Ripple  
2 protocol is widely adopted but XRP decreases in  
3 price?

4 MR. GULAY: Objection.

14:55:27 5 A. Yes.

6 Q. Can you explain to me how that would  
7 happen?

8 MR. HORTON: Objection to form.

9 A. XRP is necessary in very small  
14:55:42 10 quantities and low value, low-dollar-value  
11 amounts, for anyone to use the network. XRP's  
12 adoption as a bridge currency may or may not occur  
13 in a widespread adoption scenario of Ripple as a  
14 technology.

14:56:01 15 So we were acutely aware of the fact  
16 that Ripple technology could be widely adopted as  
17 a global settlement layer; but the amount of XRP,  
18 say if a hundred million users were using the  
19 network and each needed to own a few cents' worth  
14:56:20 20 of XRP, that would apply a -- a valuation of 1 or  
21 \$5 million for the total sum of XRP, which would  
22 be a significant decrease in value. And I  
23 believed then and today that that was a plausible  
24 outcome in a success state of Ripple's technology.

14:56:41 25 Q. So at the time in 2014, you thought that

14:56:44 1 that was a plausible outcome?

2 A. Yes.

3 Q. Is that what you just said?

4 A. Yes.

14:56:48 5 Q. Did you think it was a more plausible  
6 outcome than an increase in XRP's price if the  
7 Ripple technology was widely adopted?

8 MR. HECKER: Objection to form.

9 A. I viewed it as highly uncertain both  
14:57:05 10 ways and I could see it reasonably going in either  
11 direction. I thought it was highly -- a highly  
12 risky thesis.

13 Q. Going back to, I think, a similar  
14 thought you expressed earlier about a high  
14:57:17 15 probab -- probability of it going to either zero,  
16 low probability of -- of a hundred X, do you  
17 remember that?

18 A. Yes.

19 Q. In your view in 2014, if Ripple had  
14:57:30 20 walked away from the Ripple network, what would  
21 have -- which outcome would have been more likely,  
22 the going to zero or the going to a hundred X?

23 MR. HORTON: Objection to form.

24 MS. BUNTING: Objection.

14:57:44 25 A. If Ripple Labs ceased to exist or



14:57:47 1 disbanded, I'm confident that the Ripple  
2 technology would continue to operate, albeit with  
3 likely hiccups in a very short -- in the very  
4 short term.

14:58:01 5 I do think that in that scenario, in the  
6 very short term, the price would be more likely to  
7 fall than rise, but I don't think there's a clear  
8 statement about the long-term future of the  
9 protocol or XRP in the absence of Ripple Labs.

14:58:32 10 MS. STEWART: PR-15 next, Nicole.  
11 (Whereupon, exhibit is presented  
12 and marked SEC Rapoport Exhibit PR-15 for  
13 identification.)

14 MS. STEWART: So PR-15 for the  
14:58:43 15 record is 842922 through 842925 Bates  
16 stamp.

17 (Pause)

18 MS. FORBES: Can you repeat the  
19 number?

14:59:18 20 MS. STEWART: Fifteen, one-five.

21 MS. FORBES: PR-15?

22 MS. STEWART: Yes, one-five.

23 MS. FORBES: Thank you.

24 (Pause)

14:59:55 25 A. Okay. I've reviewed this.

15:00:13 1 BY MS. STEWART:

2 Q. Okay. Who is [REDACTED]?

3 A. He's a friend of mine.

4 Q. And does he work for the law firm

15:00:24 5 [REDACTED]?

6 A. Yes, he does.

7 Q. Okay. And why were you reaching out to  
8 Mr. [REDACTED] on November 4th, 2013?

9 A. In the very early stages of the company,  
15:00:40 10 we were eager to explain the technology and share  
11 information about the technology with pretty much  
12 anyone who would listen, whether that person was a  
13 financial market person, a legal professional,  
14 totally unrelated to the company. We did not yet  
15:00:59 15 know exactly where this technology could be  
16 applied functionally.

17 Q. Okay. And did you discuss having  
18 Mr. [REDACTED]'s law firm be a merchant for XRP?

19 A. I see he used the phrase "merchant or  
15:01:24 20 vendor." I'm not sure exactly what he meant. I  
21 think that verbiage is strange and he didn't yet  
22 have an understanding of what Ripple was.

23 Q. Okay. Did you discuss with him the  
24 possibility of his firm accepting payments in XRP?

15:01:51 25 A. I see that his e-mail refers to payment

15:01:57 1 by other Ripple network which could be in dollars.  
2 I presume it would be in dollars. I don't recall  
3 the specifics of a discussion around that given  
4 that this was in 2013.

15:02:06 5 Q. Okay. Did the discussions with  
6 Mr. [REDACTED] on this point go anywhere?

7 A. Generally speaking, the discussions did  
8 not go anywhere. I think we had one or maybe two  
9 meetings to discuss the topic of Ripple.

15:02:25 10 Q. Okay. On the second-to-last page of the  
11 document, Bates numbered 924, your e-mail that's  
12 at 9:37 a.m. to Mr. [REDACTED]. So you write "FWIW?"  
13 Does that mean for what it's worth?

14 A. Yes, it does.

15:02:47 15 Q. Okay. "This law firm seems to have  
16 become the main source of advice in the space.  
17 Every bitcoin startup is paying them." And then  
18 you send a link to Perkins Coie's website and then  
19 you say "Very interesting space, and ripe for  
15:03:01 20 regulation."

21 Do you see that?

22 A. Yes.

23 Q. What did you mean when you said "ripe  
24 for regulation"?

15:03:06 25 A. In general, market participants at the

15:03:09 1 time in my recollection were seeking regulatory  
2 clarity and hungry for regulatory clarity and  
3 there was very little guidance available at the  
4 time.

15:03:18 5 Q. And why were you sending Mr. [REDACTED] a  
6 link to Perkins Coie's website?

7 A. I observed that there was a lot of  
8 demand for legal advice and few law firms that  
9 were providing legal advice on the topic of  
15:03:35 10 digital assets and I thought he would be  
11 interested in knowing that as a lawyer.

12 Q. Okay. Did Mr. [REDACTED] and his firm at any  
13 point provide legal services to Ripple?

14 A. I don't know one way or another. I'm  
15:03:50 15 not aware of them providing any services to  
16 Ripple.

17 Q. So you said that -- that market  
18 participants at the time were seeking regula --  
19 regulatory clarity and were hungry for regulatory  
15:04:05 20 clarity? You said that a moment ago. Do you  
21 remember that?

22 A. Yes.

23 Q. During your time at Ripple, was Ripple  
24 seeking regulatory clarity?

15:04:20 25 MR. GULAY: Objection;

15:04:20 1 foundation.

2 A. Ripple was generally, in my recollection  
3 and view, the most proactive firm in the digital  
4 asset space, trying to promote a regulated  
15:04:43 5 environment and approach, and was doing its best  
6 to embrace regulation and seek regulatory clarity.

7 Q. Okay. And in what way was Ripple  
8 proactive, as you said?

9 A. Both through private discussions with  
15:05:14 10 legal counsel as well as direct -- directly  
11 seeking out members of the governance and  
12 regulatory community to explain the technology and  
13 explain what -- what was going on in the space  
14 that Ripple saw happening.

15:05:33 15 Q. Okay. So during your time at Ripple,  
16 which members of the governance and -- I forget  
17 what words you used, but which regulators did --  
18 did Ripple reach out to?

19 MR. HORTON: Objection to form;  
15:05:48 20 lack of foundation.

21 A. I don't know the goings on of every  
22 member of the company, but I know at a minimum,  
23 Treasury, Federal Reserve, and certainly other  
24 domestic and foreign regulators that are difficult  
15:06:13 25 for me to recall on the fly.

15:06:16 1 Q. During your time at Ripple, did Ripple  
2 reach out to the SEC for regulatory clarity?

3 MR. GULAY: Objection; lack of  
4 foundation.

15:06:23 5 A. I'm not aware whether Ripple did or did  
6 not have conversation with the SEC.

7 Q. Okay. And what is [REDACTED]?

8 A. A charity organization.

9 Q. And was the donation that's referenced  
15:06:40 10 in your e-mail here to [REDACTED] of XRP, was  
11 that part of Ripple's distribution strategy?

12 A. Yes. In general, Ripple had a  
13 preference for charit -- charitably distributing  
14 XRP if it was ignoring market impacts of its  
15:06:57 15 actions.

16 THE REPORTER: Repeat.

17 A. In general, Ripple had a preference for  
18 charitable distribution of XRP if it was ignoring  
19 market impacts of its actions.

15:07:08 20 Q. And what do you mean "if it was ignoring  
21 market impacts of its actions"?

22 A. As I mentioned earlier, giving away XRP  
23 for zero I view harm -- in my view harmed  
24 liquidity and price; but ignoring those impacts,  
15:07:27 25 as some of the prior e-mails showed, Ripple had an

15:07:36 1 interest in charitably distributing XRP.

2 Q. And why did it have such an interest?

3 A. I don't know.

4 Q. Did you discuss that issue with anyone  
15:07:47 5 at Ripple?

6 A. It's difficult to recall conversations  
7 from 2013 about that now.

8 Q. So you don't have a general  
9 understanding of -- of why they -- they preferred  
15:08:01 10 charitable giving?

11 MR. HORTON: Objection.

12 A. My assumption is that the members of the  
13 company looked favorably on altruistic acts.

14 Q. Okay.

15:08:28 15 MS. STEWART: Okay. Can we look  
16 at PR-19 next? One-nine. And that's  
17 Bates numbered RPLI\_SEC 88057 to 58.

18 (Whereupon, exhibit is presented  
19 and marked SEC Rapoport Exhibit PR-19 for  
15:08:45 20 identification.)

21 (Pause)

22 A. Okay. I've read this.

23 BY MS. STEWART:

24 Q. Okay. Looking at the -- the last e-mail  
15:10:19 25 in the chain, which is your 8:54 p.m. e-mail.

15:10:23 1 A. Yes.

2 Q. Do you see that?

3 Why did you write this e-mail?

4 A. I don't recall the discussions that  
15:10:45 5 preceded this leading me to send this e-mail.

6 Q. Did anyone ask you to write this e-mail?

7 A. I don't think the recipients would have  
8 asked me to provide this information to them.

9 Q. And who do you mean by "the recipients"?

15:11:02 10 A. I think if [REDACTED] and [REDACTED]  
11 [REDACTED] were interested in this information, they  
12 would ask their legal advisor.

13 Q. Okay. So then why were you sending them  
14 this information?

15:11:21 15 A. It's hard to -- for me to remember what  
16 my motivation was on January 2014 at 8 p.m.

17 Q. Okay. Do you recall any conversations  
18 with -- well, let me step back.

19 What is [REDACTED]?

15:11:38 20 A. [REDACTED] is an asset management firm.

21 Q. Okay. And why at this time were you  
22 having conversations with Mr. [REDACTED] and  
23 Mr. [REDACTED]?

24 A. At some point before or after this  
15:11:56 25 e-mail, they were investigating and -- and



15:12:00 1 proceeded to start a separate unaffiliated Ripple  
2 market-making firm that did business under the  
3 name of [REDACTED], as I mentioned earlier.

4 Q. Okay. And in connection with that deal,  
15:12:14 5 did you have conversations with -- with  
6 Mr. [REDACTED] or Mr. [REDACTED] about the issues that  
7 are referenced in your e-mail here in Exhibit  
8 PR-19?

9 MR. HORTON: Objection to form.

15:12:36 10 A. Any -- like any prudent financial market  
11 participant, I believe all of the market-making  
12 firms that ultimately engaged in trading on Ripple  
13 did some form of investigation around these  
14 questions prior to starting to trade on the  
15:12:50 15 platform.

16 Q. Okay. Well, did you have discussions  
17 with -- with either Mr. [REDACTED] and Mr. [REDACTED] or  
18 any other individual of the firms you were talking  
19 to? Did you have discussions about these issues?

15:13:02 20 MR. HORTON: Objection to form.

21 MR. GULAY: Objection to form.

22 A. While it's difficult to recall specifics  
23 of discussions, I do recall that every  
24 market-making firm generally did some form of  
15:13:20 25 regulatory investigation prior to commencing to

15:13:23 1 trade on the Ripple network. And so I do recall  
2 having -- I do generally recall having discussions  
3 on this topic with many or most of the  
4 market-making firms that ultimately moved forward.

15:13:39 5 Q. Did any of the market-making firms  
6 express to you that XRP may be a security?

7 A. Each of them independently investigated  
8 it, to my understanding, and all of them reached  
9 the same conclusion, that it was not likely to be  
15:13:58 10 considered a security. And so the primary area of  
11 further investigation was around money  
12 transmission regulation, which is what people  
13 generally thought was more potentially applicable.

14 Q. Okay. Did you convey the discussions  
15:14:23 15 that you were having with these market-making  
16 firms to others at Ripple?

17 A. I'm sorry?

18 Q. Did you convey these discussions we've  
19 been talking about that you were having with  
15:14:33 20 market-making firms to others at Ripple?

21 MR. HORTON: Objection to form.

22 A. It's difficult for me to recall whether  
23 I did or I didn't.

24 Q. So you start your e-mail, the bottom  
15:14:47 25 e-mail, saying "I want to emphasize that I'm not a

15:14:51 1 lawyer, nor do I have expertise on these issues.  
2 But here are some interpretations/excerpts I've  
3 picked up after talking to a bunch of legal  
4 experts (many of whom had" differ -- "differing  
15:15:02 5 opinions, I might add)."

6 Who are the bunch of legal experts that  
7 you talked to?

8 A. I had a very large number of  
9 conversations with a large number of people on the  
15:15:17 10 topic of Ripple and so it's difficult for me to  
11 recall who I would have talked to apart from  
12 Ripple's internal counsel and Ripple's external  
13 counsel.

14 Q. How did it come that you undertook to  
15:15:32 15 speak to all of these lawyers about these issues?

16 MS. BUNTING: Objection.

17 MR. GULAY: I just want to pause  
18 here. You can -- you can answer the  
19 question, but I would just caution you not  
15:15:41 20 to reveal the substance of any privileged  
21 communications with Ripple's lawyers.

22 A. As you can see from Exhibit PR-15, in my  
23 conversations with [REDACTED] I was generally  
24 willing to talk to anyone who would listen about  
15:16:08 25 Ripple, and that included people from a variety of

15:16:10 1 different professions, some of whom were legal  
2 professionals. So that's how I came to speak with  
3 people who are not Ripple's counsel on the topic.

4 Q. So I'm just trying to understand sort of  
15:16:25 5 the chronology here.

6 Was it the case that you wanted to put  
7 together this e-mail and then you went and sought  
8 out lawyers to talk to or was it the case that  
9 you'd already talked to lawyers among the various  
15:16:35 10 other people you talked to and then you put that  
11 information in this e-mail?

12 MS. BUNTING: Objection.

13 MR. HORTON: Objection to form.

14 A. I independently looked up the legal  
15:16:49 15 excerpts and had an interest in reading them on a  
16 personal level that are referenced in this e-mail.  
17 This isn't something somebody sent to me.

18 THE REPORTER: Repeat the last  
19 part.

15:17:01 20 A. I independently looked up legal excerpts  
21 or excerpts from -- from laws, I guess, that --  
22 that I had a personal interest in understanding  
23 and reading. And this is not information that  
24 someone else sent to me.

15:17:13 25 Q. But in terms of the legal experts you

15:17:15 1 talked to, the individuals, did you do that in  
2 order to put this document together or had you  
3 already done that as part of your job  
4 responsibilities?

15:17:26 5 MR. GULAY: Objection; calls  
6 for --

7 MR. HECKER: Objection.

8 MS. BUNTING: Objection.

9 A. As a matter of --

15:17:32 10 MR. GULAY: Well, hold on.

11 MR. HECKER: Go ahead.

12 THE WITNESS: You want to --

13 MR. GULAY: We -- I mean, I think  
14 that calls for -- you know, if it's

15:17:36 15 requesting for legal advice, I think that  
16 this calls for potentially privileged  
17 information. You know, the reason why he  
18 wanted to seek advice from lawyers.

19 MS. STEWART: Okay. I'll --

15:17:47 20 I'll -- I'll rephrase the question.

21 BY MS. STEWART:

22 Q. What I'm trying to understand is whether  
23 you wanted to write an e-mail that you would then  
24 send to third parties with -- with this

15:18:03 25 information and to do that, you sought out legal

15:18:06 1 experts.

2 Is that how it happened?

3 MS. ZORNBERG: Might I suggest a  
4 short break? Because maybe we can speak  
15:18:19 5 to him and -- you know, or his counsel  
6 can, to clarify what you're trying to get  
7 at and find a way that he can answer in a  
8 way that's comfortable without -- you  
9 know, avoiding privilege issues.

15:18:30 10 MS. STEWART: That's fine.

11 MR. TENREIRO: Sure. Just before  
12 we go off the record, again, I mean, this  
13 is an example of him saying to someone  
14 else, most -- most lawyers I've spoken to.  
15:18:39 15 So as we discussed this morning, I'm not  
16 sure what the basis of asserting privilege  
17 over what he's conveying to other people  
18 is. So let's go off the record and  
19 discuss that, but I think that's what  
15:18:49 20 she's trying to talk about so --

21 MR. HORTON: I think we heard the  
22 questions differently.

23 MR. TENREIRO: Okay. That's --  
24 that's possible. Sure. But let's go off  
15:18:56 25 the record and talk about it and see what

15:18:58 1 we can do.

2 MS. STEWART: Yeah.

3 THE VIDEOGRAPHER: Going off the  
4 record at 3:19.

15:19:01 5 (Whereupon, a recess is taken.)

6 THE VIDEOGRAPHER: Okay. Back on  
7 the record at 3:30.

8 MR. GULAY: Okay. So, yeah,  
9 we are prepared to make a -- a proffer  
15:30:09 10 about this particular document in the  
11 hopes that it will clarify things and for  
12 further questioning.

13 So prior to the date of the  
14 e-mail, January 4th, 2014, Mr. Rapoport  
15:30:20 15 had some discussions with Ripple's  
16 lawyers as well as other attorneys who  
17 were not representing the company at the  
18 time, some of whom were his friends. He  
19 can't parse which discussions led to  
15:30:36 20 which portions of the e-mail. So, in  
21 other words, he can't parse whether  
22 discussions with Ripple's counsel led to  
23 certain portions of this e-mail or his  
24 understanding informing certain portions  
15:30:49 25 of this e-mail as opposed to his

15:30:50 1 discussions with the non-Ripple  
2 attorneys.

3 The document does reflect  
4 Mr. Rapoport's efforts to, you know,  
15:31:00 5 share his then-present understanding of  
6 these topics with [REDACTED].

7 He -- he did not -- for purposes  
8 of this e-mail, he did not speak with any  
9 attorneys for the -- for the purpose of  
15:31:16 10 writing the e-mail or -- and he did not  
11 ask any attorneys to review the e-mail,  
12 so it doesn't reflect direct input of  
13 attorneys.

14 So we think that you can -- you  
15:31:28 15 know you can ask -- you can him  
16 questions, but, you know, he just doesn't  
17 have recollection of those privileged  
18 communications with Ripple attorneys.

19 And, so, Mr. Rapoport, can you  
15:31:41 20 just confirm that that accurately  
21 reflects your understanding and  
22 recollection of this e-mail and its  
23 preparation?

24 THE WITNESS: Yes, that's  
15:31:47 25 correct.



15:31:48 1 MS. STEWART: Okay. Thank you.

2 That's helpful.

3 BY MS. STEWART:

4 Q. So first focusing on the conversations  
15:31:55 5 you had before this e-mail with Ripple's lawyers,  
6 I don't want to know about the substance of those  
7 conversations, but who were the lawyers that you  
8 spoke with?

9 A. Having seen [REDACTED] s name on a  
15:32:12 10 prior document from Perkins Coie, I remember his  
11 particular name, but I don't otherwise recall the  
12 names of specific attorneys outside of Ripple that  
13 were -- that were engaged by Ripple in an official  
14 capacity.

15:32:24 15 Q. Do you remember any other law firms?

16 A. I remember Paul Hastings was another law  
17 firm that Ripple worked with at times.

18 Q. And do you recall conversations with  
19 Paul Hastings prior to this e-mail?

15:32:40 20 A. I don't recall any specific  
21 conversations with Paul Hastings or the timing of  
22 those conversations.

23 Q. Okay. And were there also conversations  
24 with Ripple's in-house lawyers?

15:32:52 25 A. I had a number of conversations with

15:32:54 1 [REDACTED], who was, I believe, general counsel  
2 internally for a period of time. But, again,  
3 specifics of those are -- are difficult to recall  
4 given how much time has passed.

15:33:04 5 Q. Okay. And in terms of the other  
6 attorneys who are not Ripple's attorneys, who did  
7 you speak with?

8 A. I can freshly remember [REDACTED],  
9 which I would not have otherwise recalled had you  
15:33:18 10 not just shown me this e-mail. But I have a  
11 number of friends who are attorneys and this was a  
12 topic that was of personal interest to me even  
13 prior to my time at Ripple Labs. And so I had a  
14 number of discussions with friends over the course  
15:33:29 15 of a number of years.

16 Q. Okay. Do you recall the names of any of  
17 those friends?

18 A. Which friends were both attorneys and  
19 that I had discussions with is, again, difficult  
15:33:43 20 for me to -- to remember given how much time has  
21 passed.

22 Q. Okay. So you say here in your e-mail,  
23 under number 1, "Most lawyers whom I've spoken" --  
24 I think that should be spoken with -- "seem quick  
15:33:56 25 to agree that XRP is not a security."

15:33:58 1 Do you see that?

2 A. I do.

3 Q. Were there lawyers who were friends of  
4 yours who you spoke with who -- who did think XRP  
15:34:06 5 was a security?

6 A. In my recollection, it was  
7 unanimously -- everyone unanimously thought that  
8 this was not really a critical question and that  
9 XRP was clearly not likely to be a security.

15:34:23 10 Q. Okay. But you wrote in your e-mail  
11 "most lawyers."

12 So what does that refer to?

13 MR. HORTON: Objection.

14 A. I don't recall the specific thought  
15:34:34 15 process, but some of the lawyers I spoke with may  
16 not have had a view or expertise on whether or not  
17 something is a security, so they may not have had  
18 any opinion at all.

19 Q. Okay. Now, you -- you -- you mentioned  
15:34:49 20 that this topic was of general interest to you, is  
21 that right?

22 A. The regulation of digital assets was  
23 broadly interesting to me, yes.

24 Q. Okay. Were there others at Ripple that  
15:34:58 25 you're aware of who were also interested in this

15:35:01 1 topic?

2 MR. HORTON: Objection to form.

3 A. I would assume so, but I don't have  
4 specific examples to reference on that.

15:35:08 5 Q. Did you discuss this topic with others  
6 at Ripple?

7 A. I'm sure I did but I can't recall  
8 specific conversations.

9 Q. And -- and you said earlier, before our  
15:35:20 10 break, that the market-making firms that you were  
11 interacting with were doing their own due  
12 diligence on these regulatory issues, is that  
13 right?

14 A. That's what I understood to be true,  
15:35:30 15 yes.

16 Q. Did -- did Ripple provide facts or other  
17 information to those market-making firms as part  
18 of their due diligence?

19 MR. GULAY: Objection to form.

15:35:48 20 A. I believe I shared certain documents  
21 like the white paper that had Perkins Coie's logo  
22 on the top of it that we -- that we looked at  
23 earlier today.

24 Q. Okay. Any other facts or information  
15:36:05 25 that you related in a more informal way, whether

15:36:08 1 over the phone or by e-mail or in person --

2 MR. HORTON: Objection.

3 MR. GULAY: Objection to form.

4 Q. -- that would go into such an analysis?

15:36:13 5 MR. HORTON: Objection to form.

6 A. I viewed all of these firms and people  
7 to be sophisticated financial market participants  
8 who would have relied on their own due diligence  
9 and analysis and not anything that I said beyond

15:36:31 10 maybe to help identify what the primary areas of  
11 investigation could be.

12 Q. And you go on in this document to -- to  
13 talk about the fact that "XRP doesn't qualify as a  
14 currency under the U.S. Treasury's definition," is  
15:36:49 15 that right?

16 A. That's what this -- that's what this  
17 e-mail says.

18 Q. Okay. And what was this based on, your  
19 conclusion?

15:36:57 20 A. This was my current understanding  
21 synthesizing a variety of conversations and things  
22 that I had read.

23 MR. GULAY: And the same

24 instruction about your discussions with

15:37:10 25 Ripple counsel.

15:37:10 1 THE WITNESS: Understood.

2 BY MS. STEWART:

3 Q. By sending this document to [REDACTED]

4 [REDACTED] -- well, strike that.

15:37:18 5 By sending this document to Mr. [REDACTED]  
6 and Mr. [REDACTED], were you trying to provide  
7 assurances to them about the regulatory landscape?

8 MR. HORTON: Objection to form.

9 MS. BUNTING: Objection.

15:37:34 10 A. For context, I'd known both of these  
11 people, you know, in excess of 10 and 20 years.  
12 And so this was a conversation between friends  
13 about a topic of mutual interest and was not meant  
14 to provide assurances about anything.

15:37:56 15 Q. But it was a topic of mutual interest  
16 concerning a transaction that you were  
17 contemplating, right?

18 MR. HORTON: Objection to form.

19 A. It -- it was related to, yes.

15:38:07 20 Q. Okay.

21 MS. STEWART: Can we look at 20  
22 next?

23 BY MS. STEWART:

24 Q. Sticking with PR-19 for a second, the  
15:38:34 25 very last sentence on the first page of the

15:38:38 1 document where the sentence before says they --  
2 "They also all specify that in order to be a  
3 currency, it must be the legal -- "the legal  
4 tender of some sovereign. Pretty clear-cut."

15:38:48 5 Do you see that?

6 A. I do.

7 Q. What did you mean by "pretty clear-cut"?

8 A. This is an e-mail that begins with "I  
9 want to emphasize that I'm not a lawyer, nor do I  
15:39:06 10 have expertise on these issues." But in my  
11 amateur reading of the excerpts that were attached  
12 to this e-mail, I thought it was clear-cut from  
13 the plain English reading of these that digital  
14 assets are not currencies under the way I read  
15:39:17 15 those definitions.

16 Q. Okay.

17 (Whereupon, exhibit is presented and  
18 marked SEC Rapoport Exhibit PR-20 for  
19 identification.)

15:39:20 20 MS. STEWART: PR-20 is Bates  
21 numbered RPLI\_SEC 88024 to 25.

22 MS. FORBES: Could you repeat the  
23 exhibit number, please?

24 MS. STEWART: Twenty.

15:39:58 25 MS. FORBES: Twenty?

15:39:58 1 MS. STEWART: Yes.

2 MS. FORBES: Thank you.

3 (Pause)

4 THE WITNESS: Okay. I've

15:40:16 5 reviewed this.

6 BY MS. STEWART:

7 Q. Okay. And who is [REDACTED]?

8 A. [REDACTED] is a representative of  
9 a market-making firm, trading firm.

15:40:27 10 Q. And is that [REDACTED]?

11 A. Yes.

12 Q. Okay. And what was the relationship  
13 between [REDACTED] and Ripple at this time in  
14 2014?

15:40:39 15 MR. HORTON: Objection to form.

16 A. At some point, I'm not certain if it was  
17 before or after the time stamp on this e-mail,  
18 [REDACTED] and his team became -- had -- had  
19 a formalized relationship with Ripple as market  
15:40:55 20 makers and received compensation for services.

21 Q. Okay. And am I correct that you send  
22 the same e-mail that we had just looked at in  
23 PR-19, you send that e-mail to [REDACTED]  
24 and [REDACTED], is that right?

15:41:12 25 A. Yes, it looks like the same e-mail.



15:41:14 1 Q. Okay. And why did you send this e-mail  
2 to Mr. [REDACTED] and Ms. -- Mr. [REDACTED] -- is it  
3 Mr. [REDACTED]?

4 A. Yes.

15:41:21 5 Q. Okay.

6 A. I personally found it interesting  
7 looking through the actual texts of -- of these  
8 definitions and how they're written. And, again,  
9 this was a topic -- I was aware of the fact that  
10 all of the firms did their own independent  
11 investigation and I thought that -- I'm assuming.  
12 I don't recall sending this specific e-mail, but  
13 I'm assuming I thought they would find it  
14 interesting to also read the actual language as  
15 opposed to just speaking with legal professionals  
16 as people would typically do when they  
17 investigate.

18 THE REPORTER: Repeat the last  
19 part.

15:41:59 20 A. As opposed to just speaking with legal  
21 professionals as people typically do when they  
22 investigate a matter.

23 Q. And who is [REDACTED]?

24 A. [REDACTED] worked at a firm called  
15:42:13 25 [REDACTED] which was at times engaged by Ripple

15:42:18 1 Labs.

2 Q. For what services?

3 A. [REDACTED] was a -- is a regulatory  
4 advisory firm.

15:42:23 5 Q. And was there a call with Mr. [REDACTED]  
6 and Mr. [REDACTED]?

7 A. It appears from this e-mail that there  
8 was a call together with [REDACTED].

9 Q. And what was the nature of that call?

15:42:40 10 A. I don't recall the specific discussion,  
11 but my assumption is that we held a call for these  
12 individuals to speak with [REDACTED] about his  
13 area of expertise, which is regulatory issues.

14 Q. What types of regulatory issues?

15:42:58 15 A. I don't recall what was discussed on the  
16 call and I don't frankly recall [REDACTED]  
17 specific background without looking it up.

18 Q. And then you send, also, some FinCEN  
19 guidance. You send a link to FinCEN guidance in  
15:43:15 20 this e-mail.

21 Do you see that?

22 A. Yes.

23 Q. Why did you send that?

24 A. In my recollection, this was the primary  
15:43:23 25 regulatory guidance that was available at the

15:43:25 1 time.

2 Q. And then you say in the third bullet,  
3 "This is a good summary of the legal landscape  
4 from Katten."

15:43:33 5 Do you see that?

6 A. I do.

7 Q. Why did you send that link to  
8 Mr. [REDACTED]?

9 A. I don't recall the content of that link.

15:43:44 10 Q. Other than the documents we've looked  
11 at, PR-19 and PR-20, were there others -- other  
12 third parties that you sent the legal definitions  
13 to?

14 A. Given that I sent it to two groups of  
15:43:57 15 people, it's plausible that I sent it to others,  
16 but I don't recall whether I did or didn't.

17 MS. STEWART: Nicole, PR-21 next,  
18 please.

19 (Whereupon, exhibit is presented  
15:44:15 20 and marked SEC Rapoport Exhibit PR-21 for  
21 identification.)

22 MS. STEWART: PR-21 is Bates  
23 numbered SEC-[REDACTED]-E-72551. It's a  
24 one-page document.

15:45:09 25 (Pause)

15:45:09 1 THE WITNESS: Okay. I've  
2 reviewed this document.

3 MS. STEWART: Okay.

4 BY MS. STEWART:

15:45:14 5 Q. Who is [REDACTED]?

6 A. [REDACTED] was a representative of a  
7 market-making firm called [REDACTED].

8 Q. And who is [REDACTED]?

9 A. He's an associate at the same firm.

15:45:31 10 Q. Okay. And did -- did this firm have  
11 a -- a relationship with Ripple in 2014?

12 A. Similar to the others. I don't recall  
13 whether the formalization of a relationship  
14 occurred before or after this timestamp, but  
15:45:46 15 eventually they did have a -- a similar formalized  
16 relationship for market-making services with  
17 Ripple --

18 Q. And what did you say -- I'm sorry.

19 A. With Ripple Labs.

15:45:55 20 Q. Thank you.

21 What did you say the name of the firm  
22 was?

23 A. [REDACTED] was the d/b/a. I  
24 don't remember the entity name.

15:46:01 25 Q. And were they affiliated with [REDACTED]

15:46:03 1 [REDACTED] ?

2 A. No. Not to my knowledge.

3 Q. Okay. So what -- what is -- what are  
4 you discussing in this e-mail that's Exhibit

15:46:21 5 PR-21?

6 A. Without seeing other communications from  
7 around that time, I don't remember the specifics  
8 of what we were discussing.

9 Q. When you say in your e-mail "We're  
15:46:39 10 making progress in finding the right structure,"  
11 what are you referring to?

12 A. I do have a general recollection from  
13 this time period being on the phone discussing tax  
14 issues. I don't remember the nature of the  
15:46:52 15 question that we were trying to resolve. But,  
16 generally speaking, the area, the whole space had  
17 a lot of questions around tax accounting treatment  
18 and all sorts of other questions. So this was not  
19 uncommon.

15:47:07 20 MR. GULAY: Here I just want to  
21 caution you not to reveal the substance of  
22 any privileged communications you may have  
23 had with lawyers at Perkins Coie.

24 THE WITNESS: Understood.

15:47:14 25 BY MS. STEWART:

15:47:16 1 Q. Did you discuss with Mr. [REDACTED] or  
2 Mr. [REDACTED] the nuances of your discussions with  
3 Perkins and [REDACTED], as you say in your e-mail,  
4 when you say "I'd be happy to explain the nuances  
15:47:29 5 over the phone"?

6 MR. GULAY: Same objection.

7 MR. HORTON: I'm also going to  
8 object in that it's not clear that that's  
9 what the e-mail says.

15:47:36 10 MS. STEWART: Okay. I'll --  
11 I'll -- I'll restate the question.

12 BY MS. STEWART:

13 Q. You say in your e-mail "I'd be happy to  
14 explain the nuances over the phone if you're  
15:47:42 15 interested."

16 Do you see that?

17 A. Yes.

18 Q. Did you, in fact, have a conversation  
19 where you explained the nuances to Mr. [REDACTED] and  
15:47:49 20 Mr. [REDACTED]?

21 A. I -- I really don't have recollection of  
22 the overarching topic that this e-mail is -- is  
23 fitting into to -- to answer that.

24 Q. Okay.

15:48:01 25 MS. STEWART: Can we do 22 next?

15:48:03 1 PR-22, please, Nicole. And  
2 that's Bates numbered RPLI\_SEC 12150 to  
3 51.

4 (Whereupon, exhibit is presented  
15:48:16 5 and marked SEC Rapoport Exhibit PR-22 for  
6 identification.)

7 (Pause)

8 A. Okay. I've reviewed the document.

9 BY MS. STEWART:

15:49:38 10 Q. Okay. Who is [REDACTED]?

11 A. Based on the content of this e-mail, it  
12 appears it's a cold e-mail from the website. I  
13 don't believe I had any further interaction with  
14 this person before or after this e-mail.

15:49:54 15 Q. Okay. You say in your e-mail to  
16 Ms. [REDACTED], "There are a lot of  
17 legal/regulatory and licensing requirements  
18 involved in the idea you described. It's very  
19 important that we remain 100 percent compliant and  
15:50:08 20 friendly with regulators. That is one (of  
21 several) reasons that we generally give away XRP  
22 to individuals and have not experimented with  
23 selling it."

24 Do you -- do you see that?

15:50:21 25 A. Yes.

15:50:24 1 Q. Was it accurate as of February 2014  
2 that -- that Ripple had not experimented with  
3 selling XRP?

4 A. I'd have to look back through some of  
15:50:37 5 these documents to confirm that that -- if that is  
6 true or not.

7 Q. Okay. When you joined Ripple in 2013,  
8 was it the case that Ripple had not sold XRP?

9 MR. GULAY: Objection. Also, the  
15:50:55 10 e-mail's not clear whether its refers to  
11 selling it full stop or selling to  
12 individuals.

13 A. I don't have specific recollection of  
14 writing this e-mail, but I'm assuming that this  
15:51:07 15 reflected my understanding at the time based on  
16 the information that was available to me as a  
17 relatively new employee of the company.

18 Q. Okay. You say in your e-mails that  
19 being friendly with regulators and 100 percent  
15:51:22 20 compliant is one of several reasons that Ripple  
21 does giveaways, is that right?

22 A. That's what the e-mail says.

23 Q. Okay. Is that -- is that accurate?

24 A. It was important for us to be compliant  
15:51:34 25 and friendly with regulators. And I assume the



15:51:39 1 sentence that says that this is one of several  
2 reasons that we generally give away to  
3 individuals -- that "we generally give away XRP to  
4 individuals and have not experimented with selling  
15:51:51 5 it," I assume that reflects my understanding at  
6 the time.

7 Q. Okay. What are the other reasons that  
8 Ripple was doing giveaways as opposed to selling  
9 XRP at this time in 2014?

15:52:05 10 A. As I mentioned earlier, at the inception  
11 of the company, there was a desire to be  
12 charitable and do good deeds with the -- the  
13 assets that the company held.

14 Q. Any other reason?

15:52:23 15 A. None that I can think of currently.

16 Q. One more question on the document that  
17 we had looked at earlier, the e-mails that you had  
18 forwarded to Mr. [REDACTED] and to Mr. [REDACTED],  
19 PR-19 and PR-20.

15:52:39 20 A. Yes.

21 Q. Did you -- so I see that you copied  
22 Mr. Griffin on both those e-mails.

23 Were others at the -- at the company  
24 aware that you were sending these e-mails to third  
15:52:51 25 parties?

15:52:51 1 MR. HORTON: Objection to form.

2 A. No, I don't believe others would have  
3 had any reason to know about these e-mails. These  
4 were a synthesis of my personal understanding  
15:53:06 5 based on conversations I had.

6 Q. Are you familiar with an entity called

7 [REDACTED]?

8 A. Yes.

9 Q. Okay. And is that entity known as [REDACTED]?

15:53:18 10 A. Yes.

11 Q. Okay. How did you come to know [REDACTED]?

12 A. I don't remember the specific genesis of  
13 how we met, but at some point in time I met them  
14 and -- and had numerous conversations over a  
15:53:40 15 period of time about Ripple.

16 Q. Had you met anyone from [REDACTED] before your  
17 time at Ripple?

18 A. No.

19 Q. And what was the nature of [REDACTED]'s  
15:53:54 20 relationship with Ripple?

21 A. [REDACTED], I believe, ultimately invested in  
22 the equity of Ripple Labs, Inc. and also purchased  
23 XRP, if I recall, but the specifics are difficult  
24 to remember without researching it.

15:54:28 25 Q. Okay. Let's look at some documents and

15:54:30 1 maybe that will refresh your recollection.

2 MS. STEWART: Can we look at  
3 PR-39?

4 And PR-39 is Bates numbered [REDACTED]  
15:54:58 5 2320. It's a one-page document.

6 (Pause)

7 THE WITNESS: Okay.

8 BY MS. STEWART:

9 Q. Okay. So what is this e-mail exchange  
15:55:30 10 between you and [REDACTED] about?

11 A. I don't recall this independently, but  
12 based on reading the e-mail, it appears that [REDACTED]  
13 was interested in purchasing \$500,000 worth of  
14 Ripple -- of XRP.

15:55:51 15 Q. Of XRP.

16 A. Yes.

17 Q. And you say in your e-mail to Mr. [REDACTED]  
18 [REDACTED], at the bottom, you say "Our intention is to  
19 completely stop these OTC transactions after our  
15:56:06 20 funding round closes, and we generally view XRP to  
21 be undervalued at these levels."

22 Do you see that?

23 A. Yes.

24 Q. What did you mean by this?

15:56:17 25 A. The first clause I think agrees with

15:56:19 1 some of the other e-mails that we've looked at  
2 today, which is that various individuals had  
3 conveyed this intent to stop selling OTC after a  
4 funding round closes.

15:56:33 5 And the second clause, it's difficult  
6 for me to say without knowing the price on that  
7 day and the events, you know, surrounding that  
8 day. My memory just isn't that good about market  
9 activities in 2014.

15:56:48 10 Q. Okay. Okay. The next sentence you say  
11 "When we close the 'OTC window' and push everyone  
12 into the market soon, we think it will have a  
13 bullish effect on price going forward."

14 Do you see that?

15:57:03 15 A. Yes.

16 Q. And what did you mean by "bullish effect  
17 on price"?

18 A. We talked about this concept a little  
19 bit earlier, which is that in a -- in any market,  
15:57:12 20 if all the buyers purchase directly from an  
21 entity, in a hypothetical scenario, if a hundred  
22 percent of buyers purchase from an entity and only  
23 sellers went to the market, there's no mechanism  
24 for the price to ever go up. It could only go  
15:57:27 25 down.

15:57:28 1 And so it was my view that selling OTC  
2 had a negative impact both on the liquidity in the  
3 market and the price of XRP.

4 Q. And why were you telling Mr. [REDACTED] this?

15:57:50 5 A. I was conveying my -- my views on the  
6 market at the time.

7 Q. Were you communicating to Mr. [REDACTED] that  
8 the XRP that he would be purchasing would go up in  
9 price once Ripple stopped doing OTC sales?

15:58:04 10 MR. HORTON: Objection to form.

11 A. As I said earlier, I thought the highest  
12 probability of the outcome was that it goes to  
13 zero, but I thought -- these were my -- my views  
14 of the market at this given point in time.

15:58:17 15 Q. Well, at this point in time you thought  
16 that the -- the -- stopping the OTC sales would  
17 have a bullish effect on price, right?

18 A. Yes, I did think that there was a cause  
19 and effect there.

15:58:28 20 Q. Okay. Did [REDACTED] ultimately buy this  
21 \$500,000 of XRP?

22 A. From this e-mail, it seems like that  
23 likely happened, but I don't recall if the  
24 transaction was consummated.

15:58:48 25 MS. STEWART: Okay. Let's look

15:58:49 1 at another document, PR-40.

2 (Whereupon, exhibit is presented  
3 and marked SEC Rapoport Exhibit PR-40 for  
4 identification.)

15:59:18 5 MS. STEWART: And PR-40 is Bates  
6 numbered [REDACTED] 2297. It's a one-page  
7 document.

8 (Pause)

9 THE WITNESS: Okay. I've read  
15:59:48 10 it.

11 BY MS. STEWART:

12 Q. Okay. So this -- this e-mail, PR-40,  
13 appears to be one day after the e-mail we looked  
14 at in PR-39.

16:00:00 15 Does this refresh your recollection as  
16 to whether [REDACTED] bought \$500,000 or whether it  
17 ultimately bought a million dollars, or perhaps  
18 these were separate transactions? If you  
19 remember.

16:00:09 20 MR. HORTON: Objection to form.

21 A. Given that this was seven years ago, I  
22 don't have specific recollection of -- of how  
23 these days went down and whether these  
24 transactions occurred. From this e-mail, it looks  
16:00:26 25 like they agreed to purchase \$1 million worth of

16:00:30 1 XRP on September 11th, 2014. I'm not sure if that  
2 was in addition to or in -- you know, in lieu of  
3 the prior day's e-mail.

4 Q. Okay. So this transaction that's  
16:00:46 5 referenced in PR-40 includes a [REDACTED] discount  
6 and [REDACTED], is that right?

7 A. That's what the e-mail says.

8 Q. Okay. And why was no lockup included  
9 for this transaction?

16:01:02 10 A. I don't recall what the circumstances  
11 were surrounding the discussions outside of this  
12 e-mail.

13 Q. Was it your understanding that when  
14 buying at a [REDACTED] discount with [REDACTED],  
16:01:12 15 [REDACTED] would immediately sell the XRP?

16 MR. HORTON: Objection to form.

17 MS. BUNTING: Objection.

18 A. Generally speaking, I think there's a  
19 lesser incentive to act that way if you hold more  
16:01:31 20 of an asset because selling [REDACTED] immediately  
21 could negatively impact the other [REDACTED] that  
22 someone holds. That's a general statement. I  
23 don't have any specific knowledge or recollection  
24 about what -- what [REDACTED] did to say.

16:01:43 25 Q. Did you have any discussions with

16:01:44 1 Mr. [REDACTED] about what [REDACTED] intent was with respect  
2 to the million dollars in XRP it was buying?

3 A. I don't recall what discussions we did  
4 or didn't have that day.

16:01:54 5 Q. Do you recall discussions generally  
6 with -- with him about what [REDACTED] intended to do  
7 with the XRP it was purchasing?

8 A. I do remember having a number of  
9 discussions with him over the course of a long  
16:02:07 10 period of time. I don't remember whether or not  
11 he expressed to me what his intent was with --  
12 with the XRP that he purchased.

13 Q. Whether or not he expressed it to you,  
14 did you have an understanding of what his intent  
16:02:20 15 was with respect to the XRP he was purchasing?

16 A. I understood him to be a speculator.

17 Q. Okay. And did you understand him to be  
18 a long-term speculator or a short-term speculator?

19 MR. HORTON: Objection to form.

16:02:34 20 MS. BUNTING: Objection.

21 A. Based on the information available to me  
22 at the time, I -- I viewed him as -- as a likely  
23 long-term -- having a long-term interest in the  
24 technology and a long-term speculator.

16:02:49 25 Q. And what information are you referring



16:02:50 1 to?

2 A. A synthesis of information from a number  
3 of conversations over time.

4 Q. Did Ripple place any restrictions on the  
16:03:04 5 resale of the XRP that it was selling to [REDACTED]?

6 MR. GULAY: Objection;  
7 foundation.

8 A. I'm not aware of any restrictions that  
9 Ripple placed on it, no.

16:03:25 10 Q. Okay.

11 MS. STEWART: Can you look at  
12 PR-41 next, please?

13 (Whereupon, exhibit is presented  
14 and marked SEC Rapoport Exhibit PR-41 for  
16:03:30 15 identification.)

16 MS. STEWART: And PR-41 is Bates  
17 numbered [REDACTED] 1489 to 1490.

18 (Pause)

19 THE WITNESS: Okay.

16:04:32 20 BY MS. STEWART:

21 Q. Looking at the bottom e-mail in the  
22 chain from Mr. [REDACTED] to you, which is on the second  
23 page of the document, here he says "I believe I  
24 can buy 4 MM by year end, I bought 3 MM USD  
16:04:49 25 already."

16:04:49 1 Do you see that?

2 A. Yes.

3 Q. Does this refresh your recollection that

4 [REDACTED] bought \$3 million of XRP as of September 20,

16:04:56 5 2014?

6 A. This e-mail implies -- certainly implies  
7 that, yes.

8 Q. Okay. But you don't have a recollection  
9 one way or the other?

16:05:11 10 A. I don't recall whether he bought it from  
11 Ripple, in the market through others or how -- how  
12 and when or how much he purchased, no.

13 Q. Okay. Then looking at your response to  
14 him, which is on the first page of the document,

16:05:22 15 you say "As I mentioned previously, we hope to  
16 stop these 'OTC' sales after our funding round  
17 officially closes and" we're no longer -- "we are  
18 no longer reliant on XRP sales to help fund the  
19 company (at least for a period of several" --

16:05:37 20 "several years)."

21 Do you see that?

22 A. Yes.

23 Q. Okay. So -- and I think you said this  
24 before, but is it the case that -- that OTC sales

16:05:54 25 at some point were -- were used to help fund

16:05:57 1 Ripple?

2 MR. GULAY: Objection.

3 A. Reading this e-mail, it -- it appears  
4 that that was my belief at the time, yes.

16:06:06 5 Q. Okay. And the next sentence, where you  
6 say "I think the OTC sales hurt our efforts  
7 elsewhere - it removes demand from the market and  
8 also makes for lower volume," is that the same  
9 concept that you've discussed already today about  
16:06:19 10 your view about OTC sales not being helpful for  
11 liquidity?

12 A. Yes.

13 MS. BUNTING: Objection.

14 Q. And then you say "If we satisfy every  
16:06:32 15 large buyer, then XRP will never rally."

16 What do you mean by that?

17 A. This is the same dynamic referenced in  
18 the preceding sentence and it was discussed about  
19 OTC sales dynamics.

16:06:46 20 Q. And were you explaining this -- this to  
21 Mr. [REDACTED] be -- because, as a speculator, he wanted  
22 XRP to rally?

23 MR. HORTON: Objection to form.

24 MR. GULAY: Objection.

16:07:06 25 A. Reading the following paragraph, where I

16:07:09 1 asked "Do you have a sense of the size that the  
2 Chinese buyers are interested in? Perhaps we can  
3 do a big final block before we close the OTC  
4 window," it seems I may have been debating whether  
16:07:22 5 we should force that buyer or encourage that buyer  
6 to go into the market to purchase the XRP  
7 independently of Ripple Labs.

8 Q. And was that related to the desire to --  
9 the desire for the XRP price to rally?

16:07:39 10 MR. HORTON: Objection to form.

11 A. As I said earlier, I -- I thought that  
12 OTC sales hurt liquidity, market liquidity, as  
13 well as price.

14 Q. Did Ripple, in fact, stop selling XRP  
16:08:01 15 after this funding round that's referenced in your  
16 e-mail?

17 MR. HORTON: Objection to form.

18 A. I don't recall whether I had information  
19 one way or another and I certainly didn't have  
16:08:18 20 full transparency into Ripple's XRP sales to  
21 answer that definitively.

22 Q. Do you have a general memory as to  
23 whether Ripple continued to sell XRP during your  
24 tenure at Ripple?

16:08:32 25 MR. GULAY: Objection. What do

16:08:33 1 you mean, "selling XRP"? OTC or just  
2 generally?

3 MS. STEWART: Yes, I'm talking  
4 about over-the-counter sales right now.

16:08:49 5 A. I would be guessing because without more  
6 information, I couldn't even tell you what the  
7 date of the Series A round was given how much time  
8 has passed.

9 MS. STEWART: Okay. Can we look  
16:09:03 10 at PR-44 next?

11 (Whereupon, exhibit is presented  
12 and marked SEC Rapoport Exhibit PR-44 for  
13 identification.)

14 MS. STEWART: And PR-44 is Bates  
16:09:28 15 numbered RPLI\_SEC 199575 to 576.

16 (Pause)

17 THE WITNESS: Okay.

18 BY MS. STEWART:

19 Q. Okay. So in this e-mail you are talking  
16:10:44 20 with Mr. Larsen, Mr. Griffin, and others about a  
21 deal with [REDACTED] that would bring their total XRP  
22 purchase -- purchases to \$10 million, is that  
23 right?

24 A. Yes.

16:11:01 25 Q. Okay. And -- and the deal would include

16:11:04 1 a [REDACTED] and a [REDACTED] discount?

2 A. Yes.

3 Q. Okay. And do you see in the first --  
4 the second e-mail in the chain where Mr. Larsen

16:11:18 5 says "Yes, I'm moving forward here - the lockup is  
6 great"? Do you see that?

7 A. Yes.

8 Q. Did Mr. Larsen approve every OTC  
9 transaction?

16:11:29 10 MS. BUNTING: Objection.

11 A. I only saw the details of what I thought  
12 were a subset of the OTC transactions. And I  
13 generally recall Mr. Larsen approving them, but I  
14 don't have a good enough memory to say he did or  
16:11:59 15 did not approve every transaction that I was  
16 involved in.

17 Q. Okay. And Mr. Larsen says here "the  
18 lockup is great."

19 Do you have an understanding of what he  
16:12:08 20 means by that?

21 A. I think he preferred having a lockup in  
22 place to having no lockup in place.

23 Q. And what's your understanding of why he  
24 preferred that?

16:12:27 25 A. In general, I think we all shared a

16:12:29 1 preference for the price of XRP to rise rather  
2 than fall and there was a risk that large holders  
3 buying at a discount could sell at the market  
4 price to arbitrage a smaller large profit or a  
16:12:48 5 significant profit.

6 MS. STEWART: Can we look at  
7 PR-52 next?

8 And PR-52 is Bates numbered  
9 RPLI\_SEC 199556 to 561.

16:13:32 10 (Whereupon, exhibit is presented  
11 and marked SEC Rapoport Exhibit PR-52 for  
12 identification.)

13 (Pause)

14 MR. GULAY: I just want to note  
16:14:57 15 for the record there appears to be a page  
16 missing. It skips from 557 to 559.

17 MS. STEWART: Okay. I think  
18 there was another attachment that was not  
19 a substantive one that I didn't print, but  
16:15:09 20 I can't be sure of that.

21 MR. GULAY: Okay. Noted.

22 THE WITNESS: Okay. I've  
23 reviewed it.

24 BY MS. STEWART:

16:15:52 25 Q. Okay. So this appears to be an e-mail

16:15:54 1 from Mr. [REDACTED] to you that you then forward to  
2 Mr. Larsen and others attaching the long-term  
3 Ripple fund term sheet, is that right?

4 A. Yes.

16:16:05 5 Q. Okay. So what is the long-term Ripple  
6 fund?

7 A. I'm not aware that the long-term Ripple  
8 fund was anything. It says it's yet to be formed,  
9 manager and detail legal structures to be  
16:16:26 10 determined by lawyers. I believe as the e-mail  
11 from Mr. [REDACTED] says, these are just thoughts.

12 Q. Okay. Was this fund something that you  
13 were discussing with Mr. [REDACTED]?

14 A. I'm sure I discussed this after he  
16:16:40 15 put -- discussed this with him after he put in the  
16 time to draft it, yes.

17 Q. Okay. So can you just explain to me  
18 what this fund -- well, strike that.

19 Did this fund ever come to be?

16:16:55 20 A. Not to my knowledge.

21 Q. Okay. What -- what was supposed to be  
22 the structure of this fund that you were  
23 discussing with Mr. [REDACTED] both before and after  
24 this -- this document?

16:17:07 25 MR. GULAY: Objection to form.



16:17:10 1 A. I recall that Mr. [REDACTED] had a general  
2 desire to form some entity that would allow third  
3 parties to get exposure through his entity to the  
4 price of XRP. I think he shares a lot of thoughts  
16:17:28 5 in this attachment which I viewed in draft form  
6 for discussion purposes.

7 Q. And was Ripple interested in pursuing  
8 such a fund with [REDACTED]?

9 MR. GULAY: Objection;  
16:17:38 10 foundation.

11 A. Based on my recollection, I would -- of  
12 general circumstances at the company at the time,  
13 I think the company would have been happy to have  
14 a third party create an entity that purchases a  
16:18:02 15 lot of XRP.

16 Q. And why is that?

17 A. Because it would have allowed the  
18 company to monetize assets on its balance sheet.

19 Q. And would it also -- would it also allow  
16:18:22 20 the company to monetize -- monetize assets on its  
21 balance sheet without some of the liquidity issues  
22 that you have discussed surrounding OTC sales?

23 MR. HORTON: Objection to form.

24 MR. GULAY: Objection.

16:18:35 25 A. That would depend on the details, which

16:18:39 1 are unknown in this hypothetical discussion.

2 Q. Okay. As -- as you -- did the  
3 discussions with Mr. [REDACTED] continue after this  
4 document that we're looking at in PR-52?

16:18:51 5 A. I believe Mr. [REDACTED] had an ongoing  
6 relationship with Ripple that extended beyond  
7 this -- this e-mail.

8 Q. So what would the benefit to Ripple be  
9 of having a third party like this fund buy its XRP  
16:19:10 10 versus the other distribution strategies that  
11 we've talked about today, like the OTC sales or  
12 the giveaways?

13 MR. GULAY: Objection.

14 MS. BUNTING: Objection.

16:19:21 15 MR. GULAY: Calls for  
16 speculation.

17 A. Whether it would be beneficial or not  
18 would depend largely on the details, which are  
19 unknown.

16:19:47 20 MR. TENREIRO: Just so you know,  
21 Erol, the -- the missing page is called  
22 "Attachment 2" and it's a blank page.

23 MR. GULAY: Okay.

24 MS. STEWART: Thank you.

16:20:05 25 Okay. Can we look at 51 next,

16:20:07 1 please?

2 (Whereupon, exhibit is presented  
3 and marked SEC Rapoport Exhibit PR-51 for  
4 identification.)

16:20:25 5 MS. STEWART: PR-51 is Bates  
6 numbered [REDACTED] 1955. It's a one-page  
7 document.

8 (Pause)

9 THE WITNESS: I've -- I've  
16:21:22 10 reviewed this.

11 BY MS. STEWART:

12 Q. Okay. Looking at Mr. [REDACTED]'s e-mail to  
13 you at the bottom of the page, he says "As I  
14 think" -- "As I think through the utility of XRP,  
16:21:36 15 a stable XRP and a more liquid XRP promotes  
16 business."

17 Do you see that?

18 A. Yes.

19 Q. Do you agree with that statement?

16:22:04 20 A. I find that to be an unclear statement,  
21 unclear sentence. Promotes what business?

22 Q. Okay. So you don't have an opinion  
23 about that sentence?

24 A. What do you understand "promotes  
16:22:29 25 business" to mean here? Then maybe I can answer

16:22:31 1 if I think it's true.

2 Q. Well, I can't -- I can't provide  
3 answers, so it's just your understanding of -- do  
4 you have an understanding of what he means in this  
16:22:38 5 sentence?

6 A. I don't understand what that means.

7 Q. Okay.

8 A. So it's difficult for me to say if it's  
9 true.

16:22:43 10 Q. Okay. Then a couple of paragraphs down,  
11 Mr. [REDACTED] says "Lastly, if Ripple Labs is in the  
12 market stabilizing XRP, it looks bad and is an  
13 excuse for others to criticize Ripple. But if a  
14 third party buys on behalf of institutions, then  
16:22:58 15 no one says nothing."

16 Do you see that?

17 A. I do.

18 Q. Okay. Do you agree with Mr. [REDACTED]  
19 statement?

16:23:05 20 A. I think this statement reflects Mr.  
21 [REDACTED] thoughts and not the thoughts of anyone at  
22 the company and certainly not my thoughts.

23 Q. Okay. Do you agree that if -- if Ripple  
24 Labs is in the market stabilizing XRP, it looks  
16:23:20 25 bad?

16:23:21 1 MR. GULAY: Objection.

2 A. I would certainly perceive it negatively  
3 as a third party if I was aware that Ripple Labs  
4 was in the market stabilizing XRP.

16:23:36 5 Q. Was one of the goals of this fund that  
6 was being discussed with Mr. [REDACTED] to stabilize the  
7 price of XRP?

8 MR. GULAY: Objection.

9 A. Mr. [REDACTED] is clearly sending  
16:23:54 10 unsolicited -- his unsolicited thoughts about this  
11 topic, but it was not a goal of Ripple Labs to  
12 have him do that.

13 Q. And when -- when you respond  
14 "Exactly - the fund can be as big as it wants to  
16:24:30 15 be," and then you go on to say "RL will want to  
16 supply the majority of it, but if the fund has  
17 more demand than RL wants to provide, that's not  
18 necessarily a problem," do you see that?

19 A. Yes.

16:24:42 20 Q. What's -- why -- well, first of all, RL  
21 here refers to Ripple Labs?

22 A. Yes.

23 Q. Okay. And when you say "Ripple Labs  
24 will want to supply the majority of it," meaning  
16:24:53 25 the fund, what is that statement based on?

16:24:56 1 A. I must have been making an assumption  
2 about a dollar amount that the fund would be  
3 interested in purchasing and making an assumption  
4 that Ripple Labs would be interested in supplying  
16:25:08 5 the majority of that dollar amount.

6 Q. Did you -- did you discuss that with  
7 anyone at Ripple?

8 A. I don't recall the specific  
9 circumstances surrounding this e-mail exchange.

16:26:08 10 Q. Why did Ripple want to supply the  
11 majority of the XRP for this fund?

12 MR. GULAY: Objection.

13 A. Again, I don't remember the specific  
14 circumstances surrounding this e-mail exchange,  
16:26:20 15 but I can presume that Ripple's interested in  
16 getting XRP off its balance sheet and getting  
17 dollars on to its balance sheet.

18 Q. Okay.

19 MS. STEWART: Can we look at  
16:26:37 20 PR-65 next?

21 (Whereupon, exhibit is presented  
22 and marked SEC Rapoport Exhibit PR-65 for  
23 identification.)

24 (Pause)

16:27:28 25 THE WITNESS: Okay. I've -- I've

16:27:29 1 reviewed this.

2 BY MS. STEWART:

3 Q. Do you remember receiving this e-mail  
4 from Mr. [REDACTED] in December 2014?

16:27:35 5 A. I -- I don't remember this e-mail, but  
6 I'm looking at it and, you know, I was a party to  
7 it.

8 Q. Okay. Do you recall having discussions  
9 about the issues reflected in the e-mail with  
16:27:44 10 Mr. [REDACTED]?

11 A. I don't remember specifically discussing  
12 these issues with Mr. [REDACTED], but I do remember that  
13 these were issues that were considered at various  
14 times during my time with the company.

16:27:57 15 Q. Okay. Is -- is Mr. [REDACTED] here asking  
16 that Ripple get a legal opinion that XRP is not a  
17 security?

18 MR. HORTON: Objection to form.

19 A. In my recollection, Ripple did already  
16:28:12 20 have a legal memo that gave us comfort that XRP  
21 was not likely to be considered a security, and I  
22 believe we sought another one after this which  
23 said the same thing ultimately.

24 Q. Okay. And the legal memo that you're  
16:28:29 25 referring to that -- that Ripple already had, was

16:28:32 1 that from Perkins Coie?

2 A. I believe so, yes.

3 Q. Okay. Had you shared that legal memo  
4 with Mr. [REDACTED]?

16:28:43 5 A. Reading this e-mail, it would imply he  
6 had not seen it, but I don't recall if I shared it  
7 or not.

8 Q. Did you share that legal memo with  
9 Mr. [REDACTED] after you received this e-mail that's  
16:28:53 10 Exhibit PR-65?

11 MR. HORTON: Objection to form.

12 A. I apologize. I just don't remember  
13 seven years ago.

14 Q. After you received this e-mail, you  
16:29:05 15 sought another legal memo from another firm?

16 MS. ZORNBERG: Objection.

17 A. My recollection is that there was more  
18 than one law firm that helped us investigate this  
19 issue and came to the same conclusion, yes.

16:29:26 20 MR. GULAY: I'm sorry, just to --  
21 to pause again and caution you not to  
22 reveal the -- any discussions with outside  
23 counsel or the -- the outcome of any of  
24 your discussions with outside counsel or  
16:29:40 25 the conclusions of counsel.



16:29:41 1 THE WITNESS: Okay.

2 MS. ZORNBERG: I'd also like to  
3 take a break.

4 MS. STEWART: Okay.

16:29:49 5 MS. ZORNBERG: Is now a good time  
6 to take a short break?

7 MS. STEWART: That's fine.

8 THE VIDEOGRAPHER: Okay. Going  
9 off the record at 4:29.

16:29:55 10 (Whereupon, a recess is taken.)

11 THE VIDEOGRAPHER: On the rec --  
12 on the record, 4:45.

13 BY MS. STEWART:

14 Q. So, Mr. Rapoport, I think you told me  
16:45:08 15 before the break that you weren't sure whether you  
16 sent the Perkins Coe -- the Perkins Coie memo to  
17 Mr. [REDACTED], is that right?

18 A. Yes. I'm not sure one way or another.

19 Q. Okay. Why did you retain Paul Hastings  
16:45:26 20 to prepare a memo when you already had a memo from  
21 Perkins Coie?

22 MR. GULAY: Objection.

23 MR. HORTON: Objection.

24 MR. GULAY: Calls for privileged  
16:45:33 25 communications.

16:45:36 1                   You can answer to the extent it  
2                   won't reveal the substance of any  
3                   communications with outside counsel.

4           A.    I -- I don't believe I was ever the  
16:45:45 5 person at Ripple Labs engaging any lawyer or law  
6 firm.

7           Q.    Okay.

8                   MS. STEWART: Can we -- can we  
9                   look at Exhibit 68, please?

16:46:29 10                   (Whereupon, exhibit is presented  
11                   and marked SEC Rapoport Exhibit PR-68 for  
12                   identification.)

13                   MS. STEWART: And Exhibit 68 is  
14                   Bates numbered [REDACTED] 1803 to 05.

16:47:01 15                   (Pause)

16                   THE WITNESS: I've reviewed this.

17 BY MS. STEWART:

18           Q.    And in the second e-mail in this chain,  
19           you're telling Mr. [REDACTED] "FYI, Paul Hastings is  
16:47:33 20 producing a memorandum for us which explains why  
21 we don't believe XRP is a security. ETA equals  
22 January 23rd."

23                   Do you see that?

24           A.    I do.

16:47:42 25           Q.    Okay. Did Ripple retain Paul Hastings

16:47:44 1 to produce a memorandum in response to Mr. [REDACTED]  
2 request?

3 MR. HORTON: Objection.

4 MR. GULAY: Objection. The --  
16:47:52 5 the reason why Ripple retained Paul  
6 Hastings would be privileged.

7 MS. STEWART: Well, let -- let's  
8 start chronologically.

9 BY MS. STEWART:

16:48:02 10 Q. Did Mr. -- did -- did Ripple retain Paul  
11 Hastings to produce a memorandum after Ripple  
12 received Mr. [REDACTED] e-mails in December and  
13 January that we've looked at?

14 MR. HORTON: Objection to form;  
16:48:13 15 foundation.

16 A. I don't know when Ripple retained Paul  
17 Hastings.

18 MS. STEWART: Okay. And your --  
19 your position, Erol, is that the reason  
16:48:29 20 that Ripple retained Paul Hastings is  
21 privileged?

22 MR. GULAY: Yes, the -- the  
23 purpose of the legal advice sought from  
24 Paul Hastings would be privileged.

16:48:38 25 MS. STEWART: So even -- even

16:48:39 1 the -- the purpose that you would put on a  
2 privilege log, like the "re" line of the  
3 engagement, you're saying is privileged?

4 MR. GULAY: Well, first, I don't  
16:48:46 5 know if Mr. Rapoport would know that.

6 Second, you know, yes, we  
7 would -- we would assert that, you know,  
8 the -- the legal advice that was sought  
9 from Paul Hastings is obviously  
16:48:59 10 privileged.

11 MS. STEWART: And -- and your  
12 position doesn't change with -- with the  
13 fact that the legal advice received from  
14 Paul Hastings was ultimately provided to a  
16:49:10 15 third party?

16 MR. GULAY: Well, I guess -- can  
17 you clarify for us what questions you are  
18 asking about?

19 MS. ZORNBERG: Hold on. Can I --  
16:49:19 20 can I interject?

21 MR. GULAY: Yes.

22 MS. ZORNBERG: We've produced to  
23 you the Paul Hastings memo.

24 MS. STEWART: Uh-huh.

16:49:24 25 MS. ZORNBERG: You have that.

16:49:25 1 You can ask questions about that. But  
2 beyond the memo itself, if you're asking  
3 this witness -- and I don't know if he has  
4 any information even to give you in  
16:49:33 5 response. If you're asking him about  
6 conversations he had or Ripple or Paul  
7 Hastings, those do go to privilege. I  
8 think you should just take it question by  
9 question.

16:49:45 10 MS. STEWART: So you would assert  
11 privilege over conversations even though  
12 the final product was -- was given to a  
13 third party? I'm just trying to make that  
14 clear.

16:49:53 15 MS. ZORNBERG: Correct.

16 MS. STEWART: Okay.

17 MR. TENREIRO: And on the -- on  
18 the reasons, so, you know, I decide -- I  
19 wake up one morning and I say I need a  
16:50:05 20 lawyer because I'm in trouble, that's  
21 privileged? You're asserting privilege  
22 over that? Or are you saying someone told  
23 him to request a lawyer, that might be  
24 privileged?

16:50:12 25 MS. ZORNBERG: This is too

16:50:13 1 hypothetical and it's well beyond what the  
2 witness himself has said, which is he  
3 doesn't know when Paul Hastings was  
4 retained by Ripple.

16:50:20 5 MR. TENREIRO: I don't think it's  
6 hypothetical. She asked him why did you  
7 retain Paul Hastings? So you're --

8 MS. ZORNBERG: And his answer was  
9 he doesn't know when Ripple Labs retained  
16:50:28 10 Paul Hastings. I think we have to do this  
11 question by question.

12 MS. STEWART: Okay. Can we look  
13 at Exhibit 66, please?

14 (Whereupon, exhibit is presented  
16:50:38 15 and marked SEC Rapoport Exhibit PR-66 for  
16 identification.)

17 MS. STEWART: Exhibit 66 is Bates  
18 numbered RPLI\_SEC 96888 to 889.

19 (Pause)

16:51:49 20 THE WITNESS: Okay.

21 BY MS. STEWART:

22 Q. Okay. Who is [REDACTED]?

23 A. I'm not sure that I've ever spoken to

24 [REDACTED] I can make a guess based on his  
16:52:02 25 e-mail signature.

16:52:03 1 Q. Do you have an understanding that he was  
2 representing [REDACTED]?

3 A. I don't know the nature of their  
4 relationship, but he appears to be a lawyer or  
16:52:11 5 works at a law firm.

6 Q. Okay. So in this e-mail, Mr. --  
7 Mr. [REDACTED] seems to be forwarding an e-mail to you,  
8 Mr. Larsen, and Mr. [REDACTED] from Mr. [REDACTED] where  
9 Mr. [REDACTED] says -- this is the second e-mail in  
16:52:26 10 the chain -- "We don't know of the SEC taking any  
11 position on the issue of whether a virtual  
12 currency is itself a security."

13 Do you see that?

14 A. I do.

16:52:34 15 Q. Okay. Do you recall discussing this  
16 e-mail from Mr. [REDACTED] with anyone at Ripple?

17 A. I don't remember discussing  
18 Mr. [REDACTED] e-mail with anybody.

19 Q. Okay. Do you recall seeing  
16:52:55 20 Mr. [REDACTED] e-mail at the time in January 2015?

21 A. I don't recall the circumstances around  
22 this e-mail, so, no, I don't recall seeing that  
23 e-mail or not.

24 Q. Okay. Are you familiar with an entity  
16:53:33 25 named GSR?

16:53:34 1 A. I am.

2 Q. Okay. What is GSR?

3 A. GSR is a market-making firm.

4 Q. Okay. And did GSR have a relationship  
16:53:43 5 with Ripple?

6 A. GSR had a similar relationship as the  
7 other market makers that I mentioned that  
8 provide -- provided market-making services and  
9 received compensation for it.

16:53:54 10 Q. Okay. Did you have any involvement in  
11 the GSR relationship?

12 A. I did.

13 Q. Okay. What was your involvement?

14 A. Similar to the other market makers, I  
16:54:08 15 was the introducing party bringing -- making them  
16 aware of Ripple and -- and working to formalize a  
17 relationship with the firm.

18 Q. Okay. So -- so you were the introducing  
19 party for GSR?

16:54:21 20 A. Yes.

21 Q. Okay. And when was that?

22 A. I don't recall the date, but it would  
23 have been sometime in 2013 or 2014 based on my  
24 recollection.

16:54:34 25 Q. And did you have a relationship with GSR



16:54:36 1 before you came to Ripple?

2 A. I knew some of the principals of GSR  
3 prior to my time at Ripple, yes.

4 Q. Okay. Was there any difference between  
16:54:49 5 GSR and other market makers in terms of the  
6 services they provided or the nature of their  
7 relationship with Ripple?

8 MR. GULAY: Objection to form.

9 MS. BUNTING: Objection.

16:54:58 10 A. Initially there was no material  
11 difference that I can recall, but over time, GSR  
12 provided additional services beyond what some of  
13 the other market makers were providing.

14 Q. And what were these additional services?

16:55:19 15 A. Programmatic selling of XRP.

16 Q. And what does that mean?

17 A. In this case, it refers to selling XRP  
18 in the public market as a percentage of volume, as  
19 a percentage of the overall markets volume.

16:55:39 20 Q. Okay.

21 MS. STEWART: Can we look at 45,  
22 please?

23 PR-45, Nicole.

24 (Whereupon, exhibit is presented

16:55:45 25 and marked SEC Rapoport Exhibit PR-45 for

16:55:45 1 identification.)

2 MS. STEWART: And PR-45 is Bates  
3 numbered GSR 208 to 209.

4 (Pause)

16:56:57 5 THE WITNESS: Okay.

6 BY MS. STEWART:

7 Q. Okay. So in the bottom e-mail, which is  
8 on page 2 of this document, you -- you say "Per  
9 RL's request, GSR ( [REDACTED] is cc'd) has  
16:57:10 10 developed a bot that will provide" liquid --  
11 "liquidity as a market maker while net selling a  
12 specified percentage of overall XRP volume."

13 Do you see that?

14 A. I do.

16:57:19 15 Q. Is that what you were referring to a  
16 moment ago?

17 A. Yes.

18 Q. Okay. So what is a bot?

19 A. It's short for robot, but in this case  
16:57:34 20 refers to a software that places trades.

21 Q. Okay. And then you go on to say ""The  
22 intent is to experiment with this as a more  
23 structured way to monetize XRP holdings rather  
24 than conducting OTC sales. This way we  
16:57:48 25 algorithmically control the market impact, rather

16:57:50 1 than leaving that role to others who might have  
2 less experience trading."

3 Do you see that?

4 A. I do.

16:57:54 5 Q. Okay. Can you explain what you mean by  
6 this?

7 A. Sure. In institutional trading, when  
8 someone is buying or selling an asset, there's  
9 generally a preference to minimize market impact,  
16:58:17 10 which is to say minimize the footprint or the --  
11 or the effect that one's buying or selling has on  
12 the market price. And someone inexperienced in  
13 trading may not be able to do that effectively  
14 whereas someone experienced, an experienced  
16:58:34 15 institutional trader, is aware of techniques to  
16 minimize the impact on the price. And one such  
17 technique would be using a specified percentage of  
18 the overall volume.

19 Q. And is that -- would the intent be to  
16:58:49 20 alleviate some of the issues that you were  
21 discussing before about the negative impacts on  
22 liquidity and price and volume?

23 MS. BUNTING: Objection.

24 MR. HORTON: Objection.

16:59:05 25 A. When you say "would the intent be" --

16:59:08 1 can you rephrase the question?

2 Q. Sure.

3 So would the benefit of having this type  
4 of algorithmic market making be to -- to alleviate  
16:59:21 5 some of the issues that you talked to -- talked  
6 about throughout today about -- about the negative  
7 impact that OTC sales have on liquidity?

8 MS. BUNTING: Objection.

9 A. I thought this was a more sensible and  
16:59:35 10 more typical way to go about these transactions  
11 than -- than OTC sales.

12 Q. And why -- why is that?

13 A. For a number of reasons. One reason is  
14 that it's programmatic so selling -- having a  
17:00:02 15 third party sell 3 percent of volume consistently  
16 I found to be preferable than having Ripple Labs  
17 itself choosing discrete moments in time to  
18 transact. I thought doing this on an arm's length  
19 basis was more customary for this sort of  
17:00:18 20 transaction in financial markets generally.

21 And I thought that, as we discussed  
22 earlier, having the volumes occur in the public  
23 market I thought benefited my goal, the company's  
24 goal, of encouraging a more liquid market.

17:00:35 25 And I thought that doing it as a

17:00:36 1 percentage of volume, particularly such a low  
2 percentage of volume, was unlikely to have any  
3 material impact on the market price and it was a  
4 controlled way of effecting these transactions.

17:00:55 5 Q. Okay. And did Ripple look to have  
6 similar relationships with other market makers?

7 MR. GULAY: Objection.

8 A. At points in time I do recall  
9 contemplating whether other types of these  
17:01:35 10 relationships should be pursued, but I'm not aware  
11 of Ripple pursuing any other types of  
12 relationship -- any other relationships of this  
13 type with other firms.

14 Q. But you had discussions about pursuing  
17:01:45 15 similar relationships with other firms?

16 A. I remember that was contemplated at  
17 points in time, yes.

18 Q. With which other firms?

19 A. I think it was -- I recall generally and  
17:01:57 20 broadly contemplating it, but I don't recall  
21 taking steps to actually do it.

22 Q. And -- and do you have an understanding  
23 of why steps were not taken to actually do it?

24 MR. HORTON: Objection to form.

17:02:14 25 A. No, I don't recall.

17:02:17 1 Q. And was the intent of this, the  
2 market-making bot with GSR, as you say in your  
3 e-mail, another way to monetize Ripple's XRP  
4 holdings?

17:02:36 5 MS. ZORNBERG: I'm sorry, can  
6 you -- can you read that question back? I  
7 just didn't hear you.

8 MS. STEWART: Sure.

9 Q. Was -- was the intent of the GSR  
17:02:45 10 market-making bot to monetize Ripple's XRP hold --  
11 holdings?

12 MR. HORTON: Objection to form.

13 A. The intent of the bot was to both buy  
14 and sell making markets; but whereas a typical  
17:03:04 15 market-making program would seek to be neutral and  
16 have no position at the end of a period of time,  
17 this bot sought to net sell XRP exchange for  
18 dollars and that was the -- That was the goal of  
19 it.

17:03:15 20 Q. Okay. So similar to the goal of the OTC  
21 sales?

22 A. Yes.

23 MS. STEWART: Can I get 26 next?

24 Nicole, that's PR-26.

17:03:35 25 (Whereupon, exhibit is presented

17:03:35 1 and marked SEC Rapoport Exhibit PR-26 for  
2 identification.)

3 (Pause)

4 THE WITNESS: Okay.

17:05:07 5 BY MS. STEWART:

6 Q. Okay. So -- I can't remember if I read  
7 the Bates numbers for the record. I don't think I  
8 did. PR-26 is Bates numbered RPLI\_SEC 842618 to  
9 20.

17:05:23 10 So I want to look at your e-mail to  
11 Ms. Long at the top of page 1.

12 Who is Monica Long?

13 A. She was -- I believe her title was head  
14 of communications or something to that extent.

17:05:41 15 Q. Okay. And -- and here is -- is  
16 Ms. Long -- Ms. Long is -- is forwarding you a  
17 communication she's having with a reporter, is  
18 that right?

19 A. That's my understanding, yes.

17:05:53 20 Q. Okay. And you say to her in your e-mail  
21 "I'd be careful saying XRP is not an investment  
22 asset. It certainly is and we're pitching it to  
23 investors. At the end of the day, our biz model  
24 is predicated on people buying it. We can still  
17:06:09 25 say that we don't encourage investment in XRP or

17:06:12 1 hype it at all."

2 Do you see that?

3 A. I do.

4 Q. Okay. Was that statement from you  
17:06:17 5 accurate at the time in 2014?

6 A. Is it okay if I parse the individual  
7 statements in there? There's a lot of statements.

8 Q. Sure.

9 A. So I do think it's accurate that we  
17:06:37 10 don't encourage investment in XRP or hype it at  
11 all. And I think that's echoed by her e-mail at  
12 the bottom to the reporter saying "I suggest not  
13 encouraging readers to buy XRP, given that it is  
14 more of an enabler than an investment asset."

17:06:55 15 I do think that it was accurate in the  
16 early days of the company that our business model  
17 is predicated on people buying it, meaning buying  
18 XRP. As I mentioned earlier, I think the seed  
19 investors were investing in a company that was --  
17:07:14 20 there was -- it was unclear where the technology  
21 could be applied or would be applied in the  
22 financial system and that the expectation of early  
23 investors was that -- the business model was that  
24 XRP may appreciate in value as a re -- as a result  
17:07:29 25 of the technology being adopted.



17:07:33 1 The statement that "XRP is not an  
2 investment asset," that doesn't seem like language  
3 that I would typically use and so I believe that I  
4 was likely mirroring her use of that language at  
17:07:53 5 the bottom, but I'm not really sure what that  
6 means in a -- I mean, you could buy it, but I'm  
7 not really sure what -- what "investment asset"  
8 means.

9 Does that answer your question?

17:08:08 10 Q. Yes. Thank you.

11 So you referenced in your prior answer  
12 seed investors.

13 When were the seed investors that you're  
14 referring to invest in Ripple?

17:08:18 15 A. These are seed investors in Ripple Labs,  
16 Inc. or OpenCoin Inc. at the time.

17 Q. Uh-huh.

18 A. I don't know the date that that  
19 occurred. It was likely in 2012 and predated my  
17:08:29 20 time at the firm.

21 Q. Okay. So when you say here in 2014 "it  
22 certainly is and we're pitching it to investors,"  
23 you're not referring to seed investors, right?

24 A. No.

17:08:39 25 Q. Okay. So you're referring to the

17:08:41 1 efforts that you are involved in in 2014 that  
2 we've talked about throughout today, right?

3 MR. GULAY: Objection.

4 MR. HORTON: Objection to form.

17:08:50 5 MS. BUNTING: Objection.

6 A. I believe this refers to conversations  
7 with people that are interested in purchasing XRP.

8 Q. Okay. Did the seed investors in Ripple  
9 Labs include Mr. Larsen?

17:09:16 10 MS. BUNTING: Objection.

11 MS. STEWART: What's the  
12 objection?

13 MS. BUNTING: What do you mean by  
14 "seed investors"?

17:09:20 15 MS. STEWART: Well, we've been  
16 talking about seed investors. It's his  
17 term.

18 MS. BUNTING: You can explain it  
19 in the question as well.

17:09:25 20 MS. STEWART: Well, I think he  
21 understands it since he used it.

22 MS. BUNTING: Well, I don't  
23 think he can.

24 BY MS. STEWART:

17:09:27 25 Q. Go ahead, you can answer.

17:09:30 1 A. I'm not sure if he invested money in the  
2 seed round of OpenCoin.

3 Q. I'm sorry, say that again.

4 A. I'm not sure whether or not he put  
17:09:37 5 his -- his own money into the company. He  
6 invested his time, certainly.

7 Q. Okay.

8 MS. STEWART: Thirty-four,  
9 please.

17:09:46 10 PR-34 is the next exhibit,  
11 Nicole, and that's Bates numbered  
12 RPLI\_SEC 882487 to 89.

13 (Whereupon, exhibit is presented  
14 and marked SEC Rapoport Exhibit PR-34 for  
17:09:54 15 identification.)

16 (Pause)

17 THE WITNESS: Okay.

18 BY MS. STEWART:

19 Q. Okay. So is it fair to say that -- that  
17:12:48 20 in this e-mail, Ms. -- Ms. Long is forwarding you  
21 a draft statement and then you're commenting on  
22 that statement?

23 A. Yes.

24 Q. Okay. And what was the purpose of this  
17:12:57 25 statement?

17:13:01 1 MR. GULAY: Objection;  
2 foundation.

3 A. This was a statement describing a  
4 settlement or the restrictions that Jed McCaleb,  
17:13:11 5 one of the founders of OpenCoin or Ripple Labs,  
6 announcing restrictions that he was agreeing to on  
7 his personal XRP holdings.

8 Q. Okay. And you say in your e-mail, I  
9 guess in the third bullet that starts with "In  
17:13:28 10 exchange for," do you see that bullet?

11 A. Yes.

12 Q. Okay. You say sort of in the middle of  
13 the paragraph: "I'd think the main goal is to  
14 restore confidence in the market that founders  
17:13:38 15 won't dump, so people feel comfortable owning  
16 XRP."

17 Do you see that?

18 A. Yes.

19 Q. Okay. And what did you mean by that?

17:13:47 20 A. Jed McCaleb was a significant holder of  
21 XRP and he made an announcement at some point in  
22 time prior to this date that he would sell his  
23 significant holdings at a specific price, which I  
24 think was done in a deliberately destructive way  
17:14:13 25 to market confidence.

17:14:24 1 And this overhang resulting from that  
2 was a frequent topic that came up over the period  
3 of time that it existed. And so that's -- my  
4 sentence here is -- is in reference to that, that  
17:14:42 5 backdrop.

6 Q. And when you say "market confidence"  
7 in -- in your prior answer, what are you referring  
8 to?

9 A. If the market is aware that there's a  
17:15:02 10 very, very large seller at a certain price, it  
11 stands to reason that the price would not likely  
12 rise above that level without very, very  
13 significant buying pressure.

14 Q. Okay. So a dump, like what you're  
17:15:17 15 referring to here, by the founders would  
16 negatively impact the price of XRP?

17 MS. BUNTING: Objection.

18 A. Selling -- public -- publicly announcing  
19 of selling of very large holders negatively  
17:15:41 20 impacts market prices. That's generally true.

21 Q. And that would negatively im -- impact  
22 market confidence?

23 A. Yes.

24 Q. I want to shift gears a bit and talk  
17:15:56 25 about your time at [REDACTED].

17:15:58 1 Can you remind me the -- the dates that  
2 you were employed at [REDACTED]?

3 THE WITNESS: Is that...

4 MR. HECKER: Counsel, can you  
17:16:13 5 make a proffer as to the relevance of his  
6 [REDACTED] time?

7 MS. STEWART: Sure. Why don't we  
8 go off the record?

9 THE VIDEOGRAPHER: Going off the  
17:16:20 10 record.

11 MS. ZORNBERG: Why off the  
12 record?

13 MS. STEWART: Because I don't  
14 understand why I need a proffer to ask  
17:16:25 15 questions. I mean, they will concern XRP.

16 MR. HECKER: Okay. Why don't you  
17 start answering the question.

18 MS. STEWART: Okay.

19 A. I started working there in --

17:16:36 20 MR. GULAY: Are we on the record?

21 THE VIDEOGRAPHER: Yeah.

22 MR. GULAY: Okay.

23 A. I started working there in 2015. And  
24 the exact date when I stopped, I'd have to check  
17:16:53 25 because there was a period of time when I stopped

17:16:54 1 going full-time and continued to have a noncompete  
2 and provide services to the company, but it was  
3 sometime around 2020.

4 Q. Okay. What is [REDACTED]?

17:17:15 5 MR. HECKER: Objection to form.

6 A. [REDACTED] -- are you referring to

7 --

8 Q. Not -- not the street.

9 What is [REDACTED]

17:17:30 10 A. [REDACTED] is a  
11 investment vehicle that [REDACTED] managed.

12 Q. Okay. Does [REDACTED] invest in  
13 XRP?

14 THE WITNESS: I'm sorry, I'm just  
17:17:46 15 not --

16 MR. HECKER: Shall we take a  
17 two-minute break? Why don't we take a  
18 two-minute break, yeah.

19 THE VIDEOGRAPHER: Okay.

17:17:54 20 MS. STEWART: Okay.

21 THE VIDEOGRAPHER: Going off the  
22 record at 5:17.

23 (Whereupon, a recess is taken.)

24 THE VIDEOGRAPHER: Okay. Back on  
17:22:49 25 the record, 5:22.

17:22:51 1 MR. HORTON: Counsel, before you  
2 begin resuming your questions, we make a  
3 request that those questions and answers  
4 about [REDACTED] be designated highly  
17:23:01 5 confidential under the protective order.

6 MS. STEWART: Okay.

7 BY MS. STEWART:

8 Q. So, Mr. Rapoport, did [REDACTED]  
9 invest in XRP?

17:23:15 10 A. Yes.

11 Q. Does it currently invest in XRP?

12 MR. GULAY: Objection;  
13 foundation.

14 A. I'm not aware of what it currently does  
17:23:27 15 since I left the firm.

16 Q. Okay. As of the time you left the firm,  
17 did it invest in XRP?

18 A. It -- it had XRP holdings until the end  
19 of my time at the firm to the best of my  
17:23:40 20 knowledge.

21 Q. Okay. And why did [REDACTED] invest  
22 in XRP?

23 MS. BUNTING: Objection.

24 Actually, withdraw. Okay.

17:23:52 25 A. The objective of the fund was to provide



17:23:55 1 diversified exposure to a basket of the -- of the  
2 largest most liquid digital assets.

3 Q. Was [REDACTED] goal to also at  
4 least sell its XRP holdings and make money?

17:24:08 5 MR. HECKER: Objection to form.

6 A. [REDACTED] was a  
7 vehicle that allowed investors to get diversified  
8 exposure to a broad basket of digital assets, and  
9 it was up to those investors to decide when they  
17:24:23 10 wanted to subscribe or redeem from that fund like  
11 any other funds that an investment manager  
12 manages.

13 Q. Was [REDACTED] investing in XRP in  
14 order to use XRP?

17:24:36 15 MR. HORTON: Objection to form.

16 A. The objective of [REDACTED]  
17 [REDACTED] fund was to provide investors with a  
18 diversified exposure to a basket of digital  
19 assets.

17:24:50 20 Q. Okay. So it was for investment  
21 purposes, right?

22 MR. HORTON: Objection to form.

23 You can answer.

24 A. I think I can repeat the objective of  
17:25:01 25 the fund again. The objective was to provide

17:25:03 1 investors with an exposure to a diversified basket  
2 of the largest most liquid digital --

3 THE REPORTER: Repeat, please.

4 A. The objective of the fund was to provide  
17:25:08 5 investors with exposure to a diversified basket of  
6 the largest most liquid digital assets.

7 Q. Including XRP?

8 A. Including XRP.

9 Q. Has [REDACTED] interacted with the  
17:25:20 10 SEC regarding its digital asset holdings?

11 MR. HORTON: Objection to form.

12 A. I did not personally participate in any  
13 interactions with the SEC during my time at [REDACTED]  
14 [REDACTED], but my understanding in speaking with other  
17:25:40 15 employees was that the firm did interact with the  
16 SEC about its digital asset holdings.

17 Q. Okay. And what is your understanding of  
18 the nature of those interactions with the SEC?

19 MR. HORTON: Counsel, I assume  
17:25:52 20 you're not asking about any understanding  
21 that's derived from communications with  
22 [REDACTED] counsel. I just want to  
23 clarify that.

24 MS. STEWART: Correct.

17:26:00 25 MR. HORTON: To the extent you

17:26:02 1 can parse that out, you can answer the  
2 question.

3 A. [REDACTED], in my understanding, had a  
4 large number of innovative investment products and  
17:26:09 5 had frequent discussions, in my understanding,  
6 with the SEC on a wide variety of topics  
7 concerning a number of different funds. And,  
8 again, I wasn't privy to these conversations. But  
9 based on how others relayed them to me, my  
17:26:24 10 understanding is that [REDACTED] sought guidance  
11 about whether or not the digital assets held in  
12 the fund were securities or not.

13 Q. Okay. And did [REDACTED] receive such  
14 guidance from the SEC?

17:26:37 15 A. My understanding is that despite  
16 significant attempts to receive that guidance, I'm  
17 not aware that they received any guidance. I  
18 don't believe that the SEC provided any guidance  
19 to [REDACTED].

17:26:52 20 Q. Did the SEC provide any assurances to  
21 [REDACTED] that the digital assets in -- in the  
22 [REDACTED] fund were not securities?

23 MR. HORTON: Objection to form.

24 A. To the best of my understanding --  
17:27:04 25 which, again, I was not there to witness or hear

17:27:08 1 these conversations, so my understanding is  
2 limited to information that was shared with me by  
3 others -- I don't believe the SEC provided  
4 guidance one way or another of what its views were  
17:27:22 5 on -- on whether XRP or any of the other digital  
6 assets were or were not securities.

7 Q. Was Mr. Larsen a client of [REDACTED]  
8 [REDACTED] during your time with [REDACTED]  
9 [REDACTED]?

17:27:34 10 MR. HORTON: Objection to form.

11 A. [REDACTED] funds a  
12 specific investment vehicle and I don't believe  
13 that Mr. Larsen personally invested in that  
14 vehicle, but I do believe that he invested in  
17:27:51 15 other investment products offered by [REDACTED].

16 Q. And what were those investment products?

17 A. I didn't generally have granular  
18 visibility on investor level holdings and  
19 Mr. Larsen was no different in that respect, so I  
17:28:11 20 don't know the answer.

21 Q. Okay.

22 MS. STEWART: Can we look at 78,  
23 please?

24 MR. TENREIRO: Yeah.

17:28:18 25 (Whereupon, exhibit is presented

17:28:18 1 and marked SEC Rapoport Exhibit PR-78 for  
2 identification.)

3 MS. STEWART: So PR-78 is Bates  
4 numbered RPLI\_SEC 235399 through 407.

17:28:38 5 (Pause)

6 BY MS. STEWART:

7 Q. And, Mr. Rapoport, feel free to -- to  
8 review the document in its entirety, but I'm not  
9 going to ask you any details about the attachment.

17:30:37 10 A. Okay. Well, I've reviewed the cover  
11 page.

12 Q. Okay. Why were you sending the [REDACTED]  
13 [REDACTED] fund commentary to Mr. Larsen  
14 in 2018?

17:30:52 15 A. This was an automated e-mail that would  
16 have gone to all investors in the fund. So the  
17 fact that he received this suggests to me that he  
18 may have been an investor in the fund. But,  
19 again, I -- I didn't customarily focus on an  
17:31:03 20 investor-level holding detail. I was focused on  
21 bigger-picture things. But this is a -- an  
22 automated e-mail that went to all investors and  
23 some selected other parties.

24 Q. Okay. How many investors does the  
17:31:15 25 [REDACTED] fund have?

17:31:16 1 MR. HORTON: Objection to form.

2 At what -- at what period?

3 Q. During your time with [REDACTED].

4 A. On the order of [REDACTED], but the exact  
17:31:26 5 number I don't recall.

6 Q. Okay. Did you maintain a Ripple e-mail  
7 address after you left Ripple?

8 A. My recollection is that I lost access to  
9 Ripple e-mail when I left the firm as is  
17:31:52 10 customary.

11 Q. Okay. So going back to the memo we  
12 discussed a little bit ago that Ripple got from  
13 Paul Hastings in 2015 --

14 A. Yes.

17:32:08 15 Q. -- you sent that memo to Mr. [REDACTED],  
16 correct?

17 A. I don't recall whether I sent it to him.

18 Q. You don't recall one way or the other?

19 A. No. I generally have very little  
17:32:27 20 recollection of my e-mails from seven years ago.

21 Q. Okay. Do you recall sending the memo to  
22 anyone else outside of Ripple?

23 A. I recall the existence of the memo, but  
24 the content of it and whether or not I sent it and  
17:32:40 25 to how many people, as you can imagine, is

17:32:43 1 difficult to recall from back in 2015 or whenever  
2 it was drafted.

3 Q. Okay.

4 MS. STEWART: Let's look at  
17:32:49 5 PR-74, which is Bates numbered RPLI\_SEC  
6 481363 through 75.

7 (Whereupon, exhibit is presented  
8 and marked SEC Rapoport Exhibit PR-74 for  
9 identification.)

17:33:00 10 BY MS. STEWART:

11 Q. And I'm not going to ask you about the  
12 contents of the attachment, just the e-mail.

13 (Pause)

14 A. Okay.

17:33:21 15 Q. Okay. Does this e-mail refresh your  
16 recollection that you sent a copy of the Paul  
17 Hastings memo to Mr. [REDACTED]?

18 A. Yes.

19 Q. Okay. Does it refresh your recollection  
17:33:38 20 about whether or not you sent copies of this memo  
21 to anyone else outside of Ripple?

22 A. I do generally recall sharing memos on  
23 this topic with others. I don't recall to what  
24 extent I shared this Paul Hastings memo versus the  
17:34:10 25 Perkins Coie memo and, you know, how many people I

17:34:13 1 sent either of them to.

2 Q. And which Perkins Coie memo are you  
3 referring to?

4 A. There was one document that we reviewed  
17:34:27 5 earlier today that was marked white paper and had  
6 [REDACTED]'s name on it. I don't recall whether  
7 that memo from 2013 or earlier or another one was  
8 the one that I was sending seven years ago.

9 Q. Do you recall sending a -- a legal  
17:34:46 10 opinion from Perkins Coie to anyone outside of  
11 Ripple?

12 MR. HORTON: Objection to form.

13 A. That's a very specific request that I  
14 don't have recollection of.

17:34:57 15 Q. Okay. Are you aware of anyone else at  
16 Ripple sending the Paul Hastings memo to any third  
17 parties other than Mr. [REDACTED]?

18 A. I don't recall one way or another.

19 Q. Did you have any discussions with anyone  
17:35:14 20 at Ripple about sending the Paul Hastings memo to  
21 third parties outside of Ripple?

22 A. I would think I likely discussed it  
23 prior to sending it to a third party.

24 Q. Did you have discussions about sending  
17:35:27 25 it to third parties in addition to Mr. [REDACTED]?



17:35:32 1 A. I don't recall.

2 Q. I want to look back at Exhibit 65, which  
3 should be in your stack. That was the one-page  
4 e-mail from Mr. [REDACTED] to you December 21st of 2014.

17:35:51 5 A. I see it.

6 Q. Okay. Here -- here Mr. [REDACTED] says in the  
7 third paragraph "If we can somehow get a legal  
8 opinion, it will protect Ripple a ton. And  
9 especially we are in the process of settling with  
17:36:14 10 FinCEN and DOJ. We really do not need the SEC to  
11 join the party."

12 Do you see that?

13 A. I do.

14 Q. Did Ripple obtain the Paul Hastings  
17:36:26 15 legal memo that we're talking about to address  
16 Mr. [REDACTED] concern that "we really do not need the  
17 SEC to join the party"?

18 MR. HORTON: Objection.

19 MR. GULAY: Objection. I'm going  
17:36:34 20 to instruct the witness not to answer  
21 because it calls for privileged  
22 information.

23 MS. STEWART: Okay.

24 BY MS. STEWART:

17:36:45 25 Q. What did you understand Mr. [REDACTED] to mean

17:36:47 1 by the statement "We really do not need the SEC to  
2 join the party"?

3 MR. GULAY: Objection; calls for  
4 speculation.

17:37:20 5 A. Beyond the plain reading of this e-mail,  
6 I'm not sure what Mr. [REDACTED] intention was.

7 Q. Did you discuss that statement with him?

8 A. I don't recall whether we discussed this  
9 e-mail in person apart from these e-mails.

17:37:45 10 Q. Okay.

11 MS. STEWART: Can we look at 57  
12 now, PR-57?

13 (Whereupon, exhibit is presented  
14 and marked SEC Rapoport Exhibit PR-57 for  
17:37:48 15 identification.)

16 MS. FORBES: To confirm, you said  
17 57 or 67?

18 MS. STEWART: Fifty-seven.

19 MS. FORBES: Thank you.

17:38:52 20 (Pause)

21 THE WITNESS: Okay.

22 BY MS. STEWART:

23 Q. Okay. The bottom e-mail in this chain  
24 appears to be from a person named [REDACTED].

17:39:15 25 Do you see that?

17:39:16 1 A. I do.

2 Q. Do you know who that person is?

3 A. I don't know who that person is.

4 Q. Okay. Is this -- I think you referred  
17:39:21 5 to it before as like a cold request or something  
6 of that nature that you received?

7 A. It's unclear from this e-mail who was on  
8 the initial e-mail thread, but this seems likely  
9 to have been a cold -- cold e-mail.

17:39:38 10 Q. Okay. And how frequently did you  
11 receive these types of cold e-mails?

12 A. I recall that there was an account set  
13 up to capture those, but I don't recall the volume  
14 that were coming through.

17:39:52 15 Q. Okay. Do you have a ballpark for the  
16 kind of volume? Was it every day? every week?  
17 every once in a while?

18 A. I'd really be guessing. I was getting a  
19 large volume of e-mails in general directly and so  
17:40:05 20 these were generally not the most -- the focus of  
21 my day.

22 Q. Did you respond to all of them?

23 A. No.

24 Q. Okay. Was there some policy for when to  
17:40:13 25 respond to these types of e-mails?

17:40:14 1 A. No.

2 Q. Okay. Did you have a practice of which  
3 e-mails you responded to and which you didn't?

4 A. No.

17:40:20 5 Q. Do you know why you responded to this  
6 particular e-mail?

7 A. I sporadically responded to certain  
8 e-mails when I had the time and interest in doing  
9 so.

17:40:40 10 Q. Okay. And you said that there was an  
11 account set up to capture these types of e-mails?

12 A. There was a distribution group, yes.

13 Q. Okay. Meaning that when the e-mails  
14 came in, they went to a certain distribution  
17:40:52 15 group?


16 A. Correct.

17 Q. And what was the name of that  
18 distribution group?

19 A. Partners@ripple.com.

17:40:59 20 Q. So would those e-mails go to you and  
21 certain other people at Ripple?

22 A. I believe they went to the business  
23 development team broadly.

24 Q. Okay. Looking at -- at the -- the top  
17:41:12 25 e-mail in this chain where you -- you say to 

17:41:19 1 [REDACTED] -- I'm not sure I'm saying that right.

2 Who is -- who is Mr. [REDACTED] ?

3 A. I believe his title was head of  
4 developer relations.

17:41:28 5 Q. Okay. You say to him "It's not rocket  
6 science. This guy previously would have bought  
7 from us directly. We're growing volume and rising  
8 price."

9 Do you see that?

17:41:37 10 A. Yes.

11 Q. Okay. And then Mr. [REDACTED] responds  
12 "Yep, to the moon."

13 Do you see that?

14 A. Yes.

17:41:43 15 Q. Do you have an understanding of what he  
16 meant by that statement?

17 A. That's a colloquial -- colloquialism  
18 often used humorously in the digital asset  
19 community in meetings and the like.

17:41:57 20 Q. To express what?

21 A. To express a rising price.

22 Q. Okay. When you got these types of cold  
23 requests that we're discussing, did you -- did you  
24 do any -- any kind of due diligence or take any

17:42:15 25 steps to -- to ascertain why the person was

17:42:19 1 looking to acquire XRP?

2 A. No.

3 Q. Was there a policy or practice at Ripple  
4 to take any such steps with respect to cold  
17:42:39 5 requests?

6 MR. HORTON: Objection; asked and  
7 answered.

8 A. There was no specific policy that I was  
9 aware of to inquire why someone was interested in  
17:43:02 10 a particular thing.

11 Q. Did anyone ever instruct you to inquire  
12 as to why anyone was -- was interested in  
13 acquiring XRP? I'm sorry, I don't think I asked  
14 that right.

17:43:14 15 Did anyone instruct you to inquire as to  
16 the purpose of -- of someone looking to acquire  
17 XRP?

18 MR. GULAY: Objection.

19 A. I don't recall receiving such  
17:43:28 20 instruction.

21 Q. When we were looking a couple exhibits  
22 ago at the statement that Ms. Long had forwarded  
23 you that you had commented on and you were talking  
24 about Mr. McCaleb's announcement that he was going  
17:43:50 25 to sell his XRP at a given price and you said that

17:43:53 1 this created overhang, do you remember that?

2 A. Yes.

3 Q. Okay. What did you mean by "overhang"?

4 A. I think I explained it in the previous  
17:44:02 5 answer. What I meant by that term is that if  
6 there's a publicly announced large seller of a  
7 given asset at a specific price, market  
8 participants can reasonably infer that the price  
9 of that asset will not rise above that level until  
17:44:23 10 all the selling -- the amount for sale was fully  
11 consumed. So that effect -- effectively creates  
12 an overhang, meaning that the price is not likely  
13 to rise above that level unless there's enough  
14 buying demands to consume the amount for sale.

17:44:42 15 Q. Okay. And did Ripple take steps to  
16 address this overhang?

17 A. Are you asking about Jed McCaleb and his  
18 selling specifically?

19 Q. Sure. Let's start with that.

17:45:02 20 A. Ripple Labs entered into a settlement  
21 with Jed McCaleb, so, yes.

22 Q. And more generally with respect to  
23 overhang, did Ripple take steps to address it?

24 MR. GULAY: Objection to form.

17:45:17 25 A. I believe after I left the company,

17:45:19 1 Ripple Labs put a significant percentage of its  
2 holdings into escrow in part to address the  
3 market's perception of an overhang.

4 Q. Okay. And -- and why was Ripple trying  
17:45:36 5 to address the market's perception of an overhang?

6 MR. GULAY: Objection; calls for  
7 speculation.

8 A. I was no longer with the company at the  
9 time so it's hard -- not -- not really my place to  
17:45:51 10 say.

11 Q. Okay. What about with respect to what  
12 you testified the steps Ripple took with respect  
13 to Mr. McCaleb's overhang? Why did Ripple take  
14 steps to address that overhang?

17:46:02 15 MR. GULAY: Objection.

16 A. I viewed Mr. McCaleb's actions to be  
17 deliberately harmful to Ripple Labs and -- and I  
18 thought that Mr. McCaleb sought to hurt the goal  
19 of the company generally and this was one of a  
17:46:21 20 number of other actions that he took.

21 Q. So was the reasons for -- for Rip -- the  
22 steps that Ripple took to restore market  
23 confidence?

24 MR. HORTON: Object to form.

17:46:47 25 A. I believe, and I think the company



17:46:49 1 believed, that Jed's actions were harmful, and so  
2 having him stop those actions were helpful to the  
3 company.

4 Q. Were harmful to the company?

17:46:59 5 A. Yes.

6 MS. STEWART: Okay. I have no  
7 further questions at this time.

8 MR. GULAY: We have no further  
9 questions.

17:47:10 10 THE VIDEOGRAPHER: Okay. All  
11 right. This concludes the video  
12 deposition of Phillip Rapoport. The time  
13 is 5:47. Going off the record.

14 (Whereupon, the deposition  
17:47:18 15 concluded at 5:47 p.m.)  
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17  
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25

1 STATE OF NEW YORK )

2 ) ss:

3 COUNTY OF NEW YORK )

4 I hereby certify that the witness in the  
5 foregoing deposition, PHILLIP RAPOPORT was by me duly  
6 sworn to testify to the truth, the whole truth and  
7 nothing but the truth, in the within-entitled cause;  
8 that said deposition was taken at the time and place  
9 herein named; and that the deposition is a true record  
10 of the witness's testimony as reported by me, a duly  
11 certified shorthand reporter and a disinterested person,  
12 and was thereafter transcribed into typewriting by  
13 computer.

14 I further certify that I am not interested in  
15 the outcome of the said action, nor connected with nor  
16 related to any of the parties in said action, nor to  
17 their respective counsel.

18 IN WITNESS WHEREOF, I have hereunto set my  
19 hand this 26 day of July, 2021.

20 Reading and Signing was:

21 \_\_\_ requested \_\_\_ waived X not requested.

22

23

24

25



BRIDGET LOMBARDOZZI, CSR, RMR, CRR